

Lovell for CONSTRUCTION

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT Friday December 28 1979 ***20p

THE SCOTCH OF A LIFETIME The Buchanan Blend

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Ptas 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

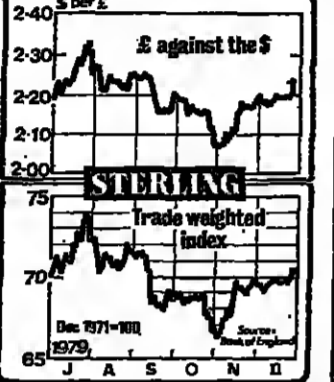
GENERAL BUSINESS

Iranians name envoys' liaison

Iran has appointed Mr. Sadegh Ouzadeh, Foreign Minister, to liaise between the Revolutionary Council and the student captors of the U.S. Embassy staff in Tehran.

£ gains 3.27 1/2c; Golds up 14.2

STERLING rose 3.27 1/2 cents to \$2.2400, its highest since mid-September, and its trade-weighted index was 70.5 (69.8).



Heathrow crash

A Pan American Boeing 747 freighter from New York crashed-landed at Heathrow Airport, London, late last night, caught fire and blocked a runway.

Floods kill two

Two people died in Merthyr Tydfil when storms caused flooding. South Wales was described as a disaster area; a helicopter rescued eight seamen from a tug off the Lizard as near hurricane-force winds swept the Cornwall and Devon coasts; and in Cumbria, an average week's rainfall fell in 24 hours.

Esso petrol up

Esso announced price increases that will lead to a rise of about 4p a gallon at the pumps. Back Page

Paris cash talks

France's National Assembly met to decide what to do now that the constitutional council has ruled illegal the procedures for adopting the 1980 Budget. Back Page; Editorial comment Page 10

B-test campaign

Hundreds of drivers may lose their licences as a result of the big police campaign against drink-driving over Christmas. The campaign is to continue into the New Year.

Rates threat

Some ratepayers might pay up to £130 more than those elsewhere if the Government introduces a "uniform rate in the pound," the Association of Metropolitan Authorities said. Page 4

Bargain hunt

Post-Christmas sales started briskly although retailers said weather had deterred some shoppers. Page 4

'Islamic N-bomb'

Pakistan has reported to Iran and Saudi Arabia that production is advanced on an "Islamic nuclear bomb," a Kuwaiti newspaper said.

Indians riot

Riots broke out in southern India as campaigning intensified before next week's general election. In one town, police used tear gas and demonstrators burned down 13 houses and shops and an oil mill.

Paws thawed

A collier found frozen into the Leeds-Liverpool canal at Arley on Christmas Day was still being thawed out, but was recovering well.

Briefly

Two skiers died in an avalanche at Aosta, Italy, but three were rescued. Thirteen people died and 17 were hurt in a train crash in Mali, West Africa. Maria de Lourdes Pintasilgo formally resigned as Portuguese Prime Minister. France's 1979 wine output is the largest since records began in 1907 and quality is good.

Death of guerrilla leader blow to Rhodesia ceasefire

BY QUENTIN PEEL AND MARK WEBSTER IN SALISBURY

THE Rhodesian ceasefire operation received two serious setbacks yesterday when it was announced that the military commander of the largest guerrilla force in the country was killed in a car accident in Mozambique, and a British ceasefire monitoring helicopter crashed killing its crew of three.

Bristol site for £24m Inmos microchip plant

BY JOHN LLOYD

INMOS, the semiconductor company, is backed by the National Enterprise Board, is to site its first UK production plant in Bristol, at a cost of around £24m.

Highland to fight £80m bid

BY JOHN MOORE

DIRECTORS of Highland Distilleries, the Scotch whisky group, with the famous Grouse brand, met today to plan their campaign to resist an £80m takeover bid by Hiram Walker-Gooderham and Worts of Canada.

Russian troops 'in Kabul fighting'

BY OUR FOREIGN STAFF

RUSSIAN TROOPS were actively involved in street fighting in Kabul, the capital of Afghanistan, yesterday, according to reports received by diplomats in Washington and London.

Dollar falls as gold nears \$520

BY DAVID MARSH AND JOHN EDWARDS

GOLD HIT a new peak of almost \$520 per ounce on the international bullion market yesterday as the dollar came under further pressure and sterling rose 3 1/2 cents to its highest level since September.



The renewed price surge, following on from gold's advance to beyond the \$500 level in New York on Wednesday, was accompanied by further speculative buying of other precious metals.

Steel men expect offer

BY ALAN PIKE, LABOUR CORRESPONDENT

STEEL UNION leaders believe that they will receive an improved pay offer at a crucial meeting today which will determine whether a national steel strike goes ahead next week.

UK recession may be short

RECESSION in the UK will be shorter and shallower than in the mid-1970s, with Gross Domestic Product in 1980 down 1.4 per cent from this year, and an upturn in 1981, leading forecasters believe. Back Page 4; Economic forecasts abroad, Page 2

CHIEF PRICE CHANGES YESTERDAY

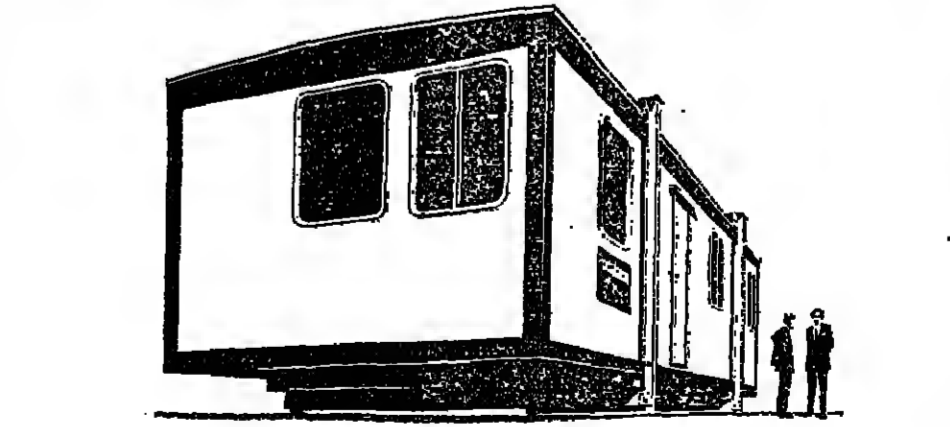
Table with columns for RISES and FALLS, listing various commodities and their price changes.

CONTENTS

Table of contents listing various articles and their page numbers.

Portakabin Helps you grow your own way

Go-anywhere, portable buildings you can position in minutes... use for years... add on to... or relocate.



Portakabin PK35 self-contained unit — one of a range from 8m² to 70m² in floor area — can be double-stacked or linked with others.

Buy outright or hire. Get the full facts. Call John Benedict on 0904 28960 (Telex 57849) or clip the coupon and post today.

Form for requesting information, including fields for Name/Title, Organisation, Address, and Tel.

OVERSEAS NEWS

Fears of 'another Iran' in Turkey

BY METIN MUNIR IN ANKARA

CONCERN IS growing in Turkey that the current wave of political terrorism may get out of hand and the whole country may find itself thrown into violent disorder reminiscent of Iran...

Demirel, the Prime Minister, will be as powerless as his predecessor, Mr. Bulent Ecevit, to cope, and that dictatorship is the only way...



Prime Minister Demirel

for which he has demanded Parliamentary support. But it is unlikely he will get backing where he needs it most—from Mr. Ecevit's Social Democrats...

Italian police 'breakthrough' on terrorism

BY PAUL BETTS IN ROME

ITALIAN POLICE and security forces may have made a breakthrough in their anti-terrorist investigations, largely as a result of information said to have been given by a university lecturer arrested on alleged terrorist charges...

country since 1971 and extreme left-wing student movements, and further links between terrorists and ordinary criminals...

Israeli settlement target 'could hit peace plan'

BY ROGER MATTHEWS IN CAIRO

ISRAELI PLANS to spend \$300m on developing Jewish settlements on Arab land in the next fiscal year, approved by Government ministers and the World Zionist Organisation on Tuesday...

denied before the Knesset that the proposed autonomy plan for the West Bank and Gaza Strip would lead to the establishment of a Palestinian state...

Oil price rise hits Dutch payments

By Charles Satchelor in Amsterdam

THE NETHERLANDS has recorded a large deficit of Fl 1.45bn (\$730m) on its balance of payments current account in the third quarter of 1978...

The latest figures confirm the recent warning by the Central Planning Office that the Netherlands would have a payments deficit of Fl 2.2bn (\$520-1,040m) this year...

David Dodwell assesses the latest Afghan upheaval Moscow takes events into its own hands

THE Soviet Union, impatient with the Afghan Government led by Hafizullah Amin, has evidently taken events into its own hands...



Hafizullah Amin (right), reported to have been deposed in a coup only four months after himself taking power

These latest upheavals in Afghanistan increase concern about the growing instability in the region. They raise fresh questions concerning Soviet intentions in the Islamic world...

When Mr. Amin came to power, he promised stability within 30 days. Since then, however, activity has continued unabated and the Soviet advisers serving his government seem to have seen no signs of a change in policy...

Wednesday over the "blatant military interference" of the Soviet Union in Afghanistan. There are no reliable estimates of Soviet troop strength in Afghanistan before the latest airlift...

Mr. Amin has never been popular with the Soviet Union since he came to power. Tensions were overtaken by Amin just three days after returning from Moscow where he had won solid Soviet backing for his policies...

Way cleared for Sa Carneiro

By Our Lisbon Correspondent

PORTUGAL'S new Government, headed by Social Democratic leader Dr. Francisco Sa Carneiro, is expected to take office this weekend...

French retailers sign price pact

BY DAVID WHITE IN PARIS

FRENCH RETAILERS have signed agreements with the Government aimed at calming consumer fears about what will happen when price curbs are lifted on January 1...

To fulfil the conditions attached to the measure, large store groups have pledged a three-month freeze on food prices. They have also promised to make price reductions on some other goods at the beginning of the year...

ECONOMIC FORECASTS: DOUBT ON GROWTH

Europe 'to experience slowdown'

By John Wicks in Zurich

ECONOMIC GROWTH within Europe in the 1980s should average an annual 2.7 per cent in real terms, Prognos AG, the Basle-based economic research company, says in its Euro-Report...

W. Germany fears wage-price spiral

BY ROGER BOYES IN BONN

THE West German Government fears the sharp oil price rises announced at the recent OPEC meeting in Caracas could seriously undermine its growth, employment and anti-inflation plans for 1980...

latest OPEC increases will be the real possibility of a wage-price spiral. The monthly Economics Ministry review of the economy yesterday stressed that both stable growth and employment would be threatened by high wage settlements...

Yugoslavia curbs incomes

By Aleksandar Lebl

THE YUGOSLAV Federal Parliament has adopted a resolution curbing personal incomes and consumption in 1980...

Japan could fail to meet official target

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

PRIVATE forecasts on the performance of Japan's economy in fiscal year 1980 released during the last few days fall well short of the 4.8 per cent real growth figure adopted by the Government in its official economic projection last week...

Indian outlook gloomy as output declines

BY K. K. SHARMA IN NEW DELHI

INDIA'S Reserve Bank has painted a gloomy picture of the country's economy, projecting a fall in gross national product for the financial year 1979-80 (ending next March) because of a drop in both industrial and agricultural production...

the economy so that the supply of goods improves. The Reserve Bank points out that the drought in the summer has been aggravated by the unfavourable south-west monsoon and that summer foodgrain output could drop by as much as 9m tonnes over last year's 78m tonnes...

Strong growth in China

BY TONY WALKER IN PEKING

CHINA HAS reported strong industrial growth rates in the latter part of this year. According to figures released yesterday, gross output in light and textile industries increased 15 per cent compared with a similar period last year...

Europe 'to experience slowdown'

By John Wicks in Zurich

Slowest progress is expected in Switzerland and the UK, where Gross Domestic Product is seen increasing by only about 2 per cent annually in 1979 prices. In Spain and Ireland, comparable expansion is put at more than 4 per cent...

Projections for labour supply and demand point to a growing discrepancy between the number of available work-places and labour potential. In 1978 more than 8m persons are estimated to have been unemployed, in the European Community alone. This figure is expected to rise to about 11.5m by 1984 and 13.5m by 1990...

The Economics Ministry, the Central Bank and the Employers Federation seem to agree that the most powerful impact of the 1980 inflation outlook was 'causing serious concern'. Government experts and most of the country's leading economic institutes were in broad agreement earlier this year that inflation in 1980 would reach between 4 and 5 per cent, growth between 2.5 and 3 per cent and that unemployment would stay relatively stable, below 1m...

Although the deterioration is partly due to the drought, she is bound to blame it entirely on mismanagement by the two governments that succeeded her. The Reserve Bank points to the international factors at work and the adverse impact these could have on the economy, especially because of the rising price of oil and raw materials. It suggests that improvement in the economy and containment of inflationary pressures will require considerable skill in management of limited supplies of both agricultural and industrial goods...

Private forecasting agencies also seem less optimistic than the Government about the price outlook for next year. The official forecast of a 6.4 per cent increase in consumer prices contrasts with a Keidanren estimate of 7.3 per cent and the Fuji Bank's 8.7 per cent. An important element in the price picture is the extent to which public utilities raise their charges in early 1980 in order to absorb higher fuel costs. Fuji Bank says that 3.8 per cent of the 8.7 per cent price rise for the year will be the result of public utility price increases...

WORLD TRADE NEWS

Iran to renegotiate Soviet gas deal

BY SIMON HENDERSON IN TEHRAN

IRAN HAS begun talks with the Soviet Union on renegotiation of the contract to send gas to Russia along the IGAT-1 pipeline.

Mr. Ali Akbar Moinefar, the Oil Minister who is also responsible for gas production, said in a newspaper interview yesterday that he had met the Soviet ambassador in Tehran on Monday.

Setting up of a gas supply network in Iran. At present IGAT-1 only supplies a few Iranian cities.

and military equipment as well as some consumer goods. Reuters add from Tokyo: Resumption of construction work on a joint Japanese-Iranian petrochemical complex at Bandar Shapur will have to be postponed until next March at the earliest, according to Mitsui.

UK tools escape U.S. curbs

By Ian Hargreaves in New York

A BRITISH machine tool company is to be allowed to continue to import sophisticated grinders to the U.S. although the imports violate U.S. tariff laws.

The International Trade Commission refused to take action against the illegal imports because it found that no domestic manufacturer could supply similar machines within the time span required by Ford Motor, the customer.

The case, which has been under investigation for a year, involved the sale of eight automatic crankpin grinders worth \$2m by Newall Machine Tool of Peterborough, Leicestershire, a subsidiary of Litton Industries, complained to the Commission that the imports violated certain patent rights.

Peking seeks changes in recent foreign technology agreements

BY TONY WALKER IN PEKING

CHINA'S IMPORTATION of advanced technology and equipment will be aimed at increasing self reliance, according to Mr. Li Qiang, China's Foreign Trade Minister.

In an interview with China's foreign trade magazine, Mr. Li admitted that in the past importation of technology and equipment had been haphazard. He said that, as a result, some agreements recently entered into would be altered.

import machinery for exploiting coal, oil, non-ferrous metals and for building power stations. China is also going to import some advanced technology and equipment for the light and textile industries as well as for communications and transport, he said.

equipment and other imports is to increase exports, he said. "Therefore, both during China's economic readjustment and in subsequent years of construction, we will pay considerable attention to expanding the production of export commodities so as to increase our exports and raise our ability to pay."

China imports increase by 33%

PEKING—China's exports totalled 20.14bn Yuan (250bn) by December 22, an increase of 26.7 per cent over the same period last year, while imports amounted to 2.53bn Yuan, up 32.7 per cent, the New China News Agency said.

and raw materials to make textiles and consumer goods were expected to be 33 per cent higher than in 1978 by the end of this year.

that deals with U.S. trade. Mr. Suo said that while Sino-American trade has been making rapid headway, the unfavourable balance on the Chinese side has been widening.

Major imported items included machines and equipment for the country's modernization programme. Imports of materials for agricultural use, including chemical fertiliser,

The statement came in an article by Mr. Sun Suohang, head of the department in the Chinese Foreign Trade Ministry

with China, it is imperative that barriers restricting China's exports to the U.S. be lowered. This will strengthen our ability to purchase U.S. products," Mr. Sun said.

Israel lifts duties for EEC

By L. Daniel in Tel Aviv

ISRAELI CUSTOMS tariffs on over half of Israel's imports from the EEC will be abolished entirely on January 1 as part of Israel's agreements with the Common Market.

The products affected are mainly raw materials and semi-finished goods, as well as items not made in Israel.

Rockwell Europe move imminent

BY ELAINE WILLIAMS

A DECISION on the siting of a big microelectronics factory in Europe by Rockwell International, the US company, is expected within the next few weeks.

For months talks have been held between Rockwell and development agencies in the UK and Ireland, but the most likely siting appears to be either Ireland or Scotland.

After initial talks with officials of the Scottish and Irish development agencies in October, another round of negotiations began this month.

The plant will employ between 800 and 2,000 workers and will make standard microelectronics components to be sold throughout Europe.

The latest talks were more specific: working out what incentives could be offered by the various agencies.

Before the final decision is made, it is likely that Rockwell will submit detailed proposals to two or perhaps three development agencies.

WORLD DEMAND FOR AIRPORTS

Intense competition in race for £20bn contracts

BY LORNE BARLING

AIRPORT CONSTRUCTION and equipment contracts around the world worth an estimated £20bn are expected to be placed over the next few years. This is creating intense competition among leading suppliers of radar and other electronic aids, and among large civil engineering companies.

Although the growth of the world airline industry has slowed in recent years, from nearly 13 per cent to perhaps half that figure, world demand for airports in both industrialised and developing countries is still strong.

The cost of a new airport can be anything from £5m to £40m. But initial plans in developing countries for the extension of existing facilities often lead to the construction of a virtually new airport, such as the demands of the new generation

of wide-bodied airliners. Faced with costs of this magnitude, many developing countries defer decisions for a time, but national pride and the need for airports capable of handling revenue-bearing tourists generally swing the balance and construction goes ahead. The need for air cargo facilities for exports is also an important factor.

The major markets for new airports are Africa, Latin America and the Far East, and while China remains an uncertain area, the prospects there are enormous in the longer term. Secondary airports in advanced countries are also providing many contracts, though mainly for more sophisticated electronic aids which allow them to handle a wider range of aircraft.

based construction company, recently won a contract worth nearly £40m to build terminals and other facilities at the new Riyadh Airport in Saudi Arabia, which is being managed by the U.S. company, Bechtel. The airport is expected to cost about £6bn.

But one of the most successful UK companies in the race for orders has been Plessey, which sells 75 per cent of its radar equipment abroad and has trebled the value of its exports in three years.

It has been developing the ability to offer a complete airport package. This played a big part in its winning a £27m contract at Abidjan, in the Ivory Coast.

This project started as an extension but Plessey is now undertaking design proposals for the development of a complete



Alan Gann

Equipment for control towers will be essential to packages contractors are preparing for overseas buyers

new airport and review longer-term needs under a new £5m contract. This puts Plessey in a strong position to undertake a

prominent in francophone Africa, in spite of strong competition from the French. France concentrates much of its efforts through Aeroport de Paris, which specialises in offering complete packages. With this approach, assisted by a State visit from President Giscard d'Estaing, French companies recently won a contract to build a new airport for Mexico City.

Britain has yet to concentrate its sales efforts in this way, although Plessey is moving in that direction.

In the Middle East, particularly in the Gulf States, airport development has been strong in recent years. British construction companies such as Costain and Tarmac have won a large share of runway build-up and improvement work.

Another UK company which has benefited from the airport boom is the GEC subsidiary, Marconi, which supplies radar of various types, air traffic control simulators, runway lighting and a wide range of products including airport information displays.

It is also clear that demand for military air traffic control systems is good, but few companies are permitted to publicise these orders. In Africa, a number of contracts have involved repairing or up-grading Soviet systems supplied in conjunction with military aircraft.

One advantage Britain has is the long experience of airport operations gained by British Airports Authority. This is marketed through British Airports International, jointly owned by the BAA and International Air Radio, which in

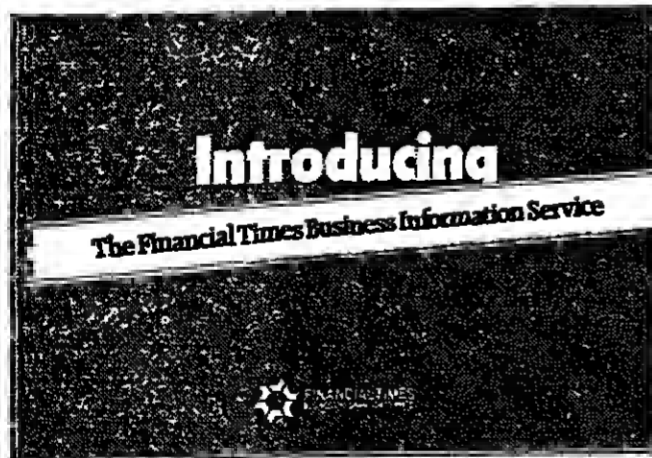
turn is owned by BA and a number of other airlines.

This company offers advice to potential suppliers and is particularly strong on airport design and passenger and cargo handling. The company sees a clear need for more package bids from the UK.

It points out that Japan, in its bid for a new airport in Bolivia, is ready to provide finance, design, construction, and operating assistance. Although the UK has the expertise to do all this, it is seldom offered in this way.

Although the value to UK exports of airport equipment has never been established due to its diversity, some companies have seen sales soar and the prospect for further growth is extremely good. London's third airport. Page 11

Stop spending time looking for company information.



Send for this book now.

That way, you'll learn about the Financial Times Business Information Service.

You'll learn how quick and efficient it is.

You'll discover how broad its coverage of the national and international commercial and industrial worlds is.

You'll see how simple it is to become a subscriber, and how cost-effective the Service can be. And what you can get for as little as £150 a year.

What the Service provides.

We provide information on all the publicly-quoted companies in both the UK and the US.

We provide marketing information, including brand shares, market sizes, advertising expenditures and much more.

And, from a wide range of sources, we provide financial, economic and

statistical information such as exchange rates, commodity prices, money market movements and economic indicators.

The FT Business Information Service.

Whether you're concerned with banking or finance, manufacturing or a service industry, advertising, marketing, consultancy work or governmental administration, the Financial Times Business Information Service will make your organisation better informed, and better equipped to compete.

Find out how we can help you.

Send for our book today.

And you'll learn how to get the company information you want.



Send this coupon to: Margaret Fawcett, Sales Manager, Financial Times Business Information Ltd, Bracken House, 10 Cannon Street, London EC4A 3DF. Or telephone her on: 01-236 3430 or 01-213 8000. (ext. 659 or 7037).

Name, Organisation, Address, Nature of business, Telephone No.

New Issue

This announcement appears as a matter of record only.

December 5, 1979



¥30,000,000,000

Commonwealth of Australia

8.2% Japanese Yen Bonds

Series No. 4 (1979)

Due December 5, 1991

The Nomura Securities Co., Ltd.

Daiwa Securities Co. Ltd. The Nikko Securities Co., Ltd. Yamaichi Securities Company, Limited

The Nippon Kangyo Kakumaru Securities Co., Ltd. New Japan Securities Co., Ltd.

Sanyo Securities Co., Ltd. Wako Securities Co., Ltd. Merrill Lynch Securities Company, Tokyo Branch

Okasan Securities Co., Ltd. Osakaya Securities Co., Ltd. Yamatane Securities Co., Ltd.

Dai-ichi Securities Co., Ltd. Loeb Rhoades Hornblower Securities Corporation, Tokyo Branch

Koa Securities Co., Ltd. Yachiyo Securities Co., Ltd. Marusan Securities Co., Ltd.

Toyo Securities Co., Ltd. The Kaisei Securities Co., Ltd. Koyanagi Securities Co., Ltd.

Nichiei Securities Co., Ltd. Tokyo Securities Co., Ltd. Vickers da Costa Ltd., Tokyo Branch

The Chiyoda Securities Co., Ltd. Hinode Securities Co., Ltd. Ichiyoshi Securities Co., Ltd.

Kosei Securities Co., Ltd. Maruman Securities Co., Ltd. Meiko Securities Co., Ltd.

Mito Securities Co., Ltd. Naigai Securities Co., Ltd. National Tabayashi Securities Co., Ltd.

The Toko Securities Co., Ltd. Towa Securities Co., Ltd. Utsumiya Securities Co., Ltd.

Deutsche Bank Aktiengesellschaft Morgan Stanley International, Limited

Amsterdam-Rotterdam Bank N.V. Ord Minnett Potter Partners

UK NEWS

Marine insurers face worst peacetime year

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE NUMBER of supertankers and other very large ships lost has increased dramatically in 1979...

Table with 3 columns: Year, Ship Name, Cause of Loss. Lists losses for 1969-1979 including Marpassa, Golar Patricia, etc.

The association says that 1979 is going to be the worst year in peacetime for the marine insurance market...

structural total loss. However, she never went in sea again. In May a first generation VLCC, the 1968-built Atlas Titan, exploded during tank cleaning in Portugal...

Insured for \$18.0m, its sister ship, the Berge Tatra, blew up in 1975 but two of the crew managed to escape.

Oil consumption falls by 500,000 tonnes

BY MARTIN DICKSON

THE UK used 500,000 tonnes less oil between August and October than in the same three months of 1978...

Natural gas supplies increased 14.3 per cent between September and November, compared with the same months of last year...

Call for lorry 'mileage tax'

HIGHER DIESEL taxes for lorries have been called for...

The Road Haulage Association yesterday attacked suggestions from British Rail...

The Road Haulage Association yesterday attacked suggestions from British Rail...

Inmos meets its self-imposed deadline

NEWS ANALYSIS • INMOS BY JOHN LLOYD

INMOS, the semiconductor company backed by the National Enterprise Board, has met its self-imposed deadline of announcing the location of its first UK production plant this year...

The point is a delicate one since Dr. Robert Clayton, GE technical director, is a member of the NEB...

Brisk start to sales — despite bad weather

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE ANNUAL sales got off to a brisk start yesterday in spite of poor weather in many parts of the country...

Tories may prefer early poll

BY Elinor Goodman

THE DEATH of Sir Stephen McCadden on Boxing Day means that the Conservatives face a by-election in Southend East...

'Massive rises' plan criticised by airlines

PROPOSED "MASSIVE" increases in UK air navigation costs and airport handling charges were attacked yesterday...

New rates system may add £130 to some bills

BY ANDREW TAYLOR

RATEPAYERS IN some parts of the country could find themselves paying up to £130 a year more than those in other localities...

Tougher shipping fines

BY VICTOR MACKIE

FOREIGN SHIPS may be fined up to £50,000 if they are summarily convicted for certain offences under the 1979 UK Merchant Shipping Act...

Call for new school initiative

SCHOOLS MUST provide more vocational preparation to ensure that 16-year-olds are given a better start to their working lives...

SOCIETY OF BUSINESS ECONOMISTS' SURVEY Forecasters agree on character of recession

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UK is at the start of a sharp but short recession at the end of which unemployment will be more than 1.65m and the inflation rate will still be well into double figures...

Table with 11 columns: Organisation, Gross Domestic Product, Consumer Spending, Exports, Imports, Retail Price Inflation, Unemployment, Current account, Public Sector Borrowing. Lists forecasts for 1980-81.

Advertisement for Gruppo Finanziario Tessile, U.S.\$6,500,000 Convertible Bond, N. 12 Dividend Coupon Payment, January 1st 1980.

HOW MIDLAND BANK HELPS SMALL BUSINESSES.

If you run an independent business, your Midland manager can offer you all sorts of help.

Through medium-term loans, overdraft facilities, export finance, instalment finance, leasing, block discounting, advice on the stock market, factoring and off-shore financial services.

Through a special scheme for making financial help available to companies with an export turnover of £100,000 or less or those who export intermittently or who do not qualify for

normal ECGD insurance cover.

Through actually investing in your business—you retain control; we provide £5,000 or more of often much-needed capital.

Also, we have set up a special Independent Business Banking Unit, to provide a central focal point for our wide range of services to the small businessman.

If you'd like to know more about any or all of these services, visit your local Midland manager soon.

Small businesses profit from Midland teamwork.



Midland Bank

Midland Bank Limited

New house prices 35% up

NEW HOUSE prices rose on average by 35 per cent in 1979, according to the Anglia Hastings and Thanet Building Society...

Mr. Peter Moreton, chief surveyor of the A. H. and T. claimed that while the average price of a new home was escalating in 1979, the price of an average post 1919 property increased by 32 per cent...

Mr. Moreton added: "Our society's average loan currently stands at only approximately £12,000, an increase over the year of little more than 8 1/2 per cent..."

Calor increases price of gas

CALOR GAS yesterday increased the price of its standard cylinder and but gas by between 15 and 21 per cent...

British Gas advertisement: If you smell gas, ring us. Gas is a very safe fuel—at least as safe as any other...

Companies cautious over control-lifting

MANY LEADING British companies are using the opportunities created by the lifting of exchange controls to lower their overseas debt rather than step up their foreign exchange operations...

After the relaxation of controls in July and their abolition in October, many companies are still finding their feet in the new climate...

Mr. Graeme Odgers, group finance director of Tarmac, said his company was using the change in regulations to refinance with sterling loans medium-term foreign currency borrowings taken out a few years ago...

Such sterling refinancing of loans raised to fund direct overseas investment was prohibited under the previous regulations...

Sharp decline in investment by Scottish manufacturers

INVESTMENT by manufacturing companies in Scotland is declining sharply, with most concerns merely replacing worn-out or outdated machinery and buildings rather than increasing capacity...

Oil prices

Mr. Jeremy Baister, who wrote the report, believes the picture may be even worse than the figures suggest, since some companies will have cancelled earlier investment plans because of oil price rises or other unforeseen factors...

£620,000 plan to ease Shotton closure effects

EXPENDITURE of £620,000 over the next three months on industrial development schemes to alleviate the effects of the shutdown of iron and steel-making at the British Steel Corporation's Shotton works in North Wales, was approved yesterday...

APPOINTMENTS

Chief manager at Lloyds Bank City office: Mr. Peter H. Sonnes has been appointed chief manager of LLOYDS BANK City office. Finance chief for APE: Mr. Alex Mair, chief executive of Grampian Television, has been appointed...

Steel buyers wait and see

A LEADING importer of steel from outside the EEC yesterday reported a rise of 50-60 per cent in the orders he had taken in the past 10 days from customers worried about a British steel strike...

Cancelled

Generally, once an import order is placed it cannot be cancelled. However, Usiner said that it would probably be able to cancel increase orders by regular customers should the strike fail to materialise...

Sony bids for share of office machine market

PLANS by Sony, the Japanese electronics company, to compete seriously in the office equipment market are now taking shape. It is to launch its first centralised office dictation system in the UK early in 1980...

Express and Sun face opposition to Scottish plans

PUBLISHERS of The Sun and the Daily Express have run into determined opposition to plans to print in Scotland using facsimile transmission. News International is spending £3m converting a warehouse in Glasgow to a satellite printing plant...

Dockers settling for 16% average rises

LOCAL PAY settlements for the country's 26,500 registered dockworkers appear to be about 16 per cent, with many port employers and union negotiators watching events in other parts...

TUC may quit strategy talks

TRADE UNIONS are collectively considering whether to pull out of the industrial strategy working group set up under the Labour Government, because of their failure to produce concrete results at company level...

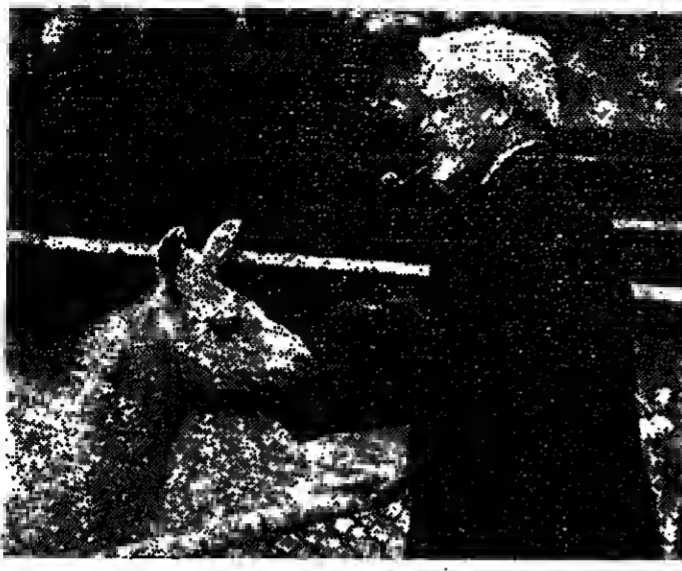
Mr. Alex Mair, chief executive of Grampian Television, has been appointed to the board of INDEPENDENT TELEVISION NEWS. Mr. James J. Hayden has been elected vice president and treasurer of REKNORD INC. U.S.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

From the human zoo to the animal kingdom

WILLIAM DONALDSON got his training for managing the Philadelphia zoo by running the city of Cincinnati...



William Donaldson and friend

Like all old industrial cities in America, Cincinnati suffered from a decline in private industry...

It is America's oldest, and has been running at a loss ever since 1974. Donaldson, who started his new job last September...

Donaldson hopes to start a public appeal, and together with the savings made, money will be invested in capital improvements...

—letting them come up with the solutions. In Cincinnati, he let each neighbourhood decide how to spend a \$5,000 grant made available to them.

To that end, exhibits will begin to resemble the zoo's new "bear country" a large area following a natural contour and accommodating several types of bear.

In out-guessing his customer's needs, Donaldson represents a radical departure from the average civil servant mentality.

WHEN Chelsea was the Mecca of swinging sixties London, Habitat was among the most original emporia around the King's Road bazaar.

There have been a few upsets in between: a disastrous and hastily dissolved marriage with Rynan, the office furniture and stationary chain...

Though the other directors have clearly defined functions, Mr. Conran is still the leading light of the business.

Nonetheless, Habitat still bears very clearly his personal authority and imprimatur. Conran is chairman of all group subsidiaries...

Habitat has something in store for the stockmarket

BY JOHN MAKINSON

had hastily to repack age and remove the brand name from all its products. On the day I met Mr. Conran, a new store was opening in Hamersmith and the tillage was completed only minutes before opening time.

From the start Habitat's strength has been to sell direct from its store a whole range of household equipment, excluding white goods and audio.

Access to stock market funds is also a consideration, though not, according to Peacock, an overwhelming one since Habitat's cash flow is satisfactory and the main need is for short-term seasonal borrowings...



Ian Peacock, Habitat's financial director, describes Terence Conran (left), the group's founder and chairman, as an "able conductor at times, but he doesn't play all the instruments."

present account for all the equity capital not held by Mr. Conran.

Three years ago, before they became fashionable, the group instituted an employee share scheme and these shares can still, in the past, an indication of the share value has been given by a complex calculation involving an average of historic group earnings and the average price/earnings ratio of the FT stores index on which basis it has almost quintupled to four years.

though Habitat is now looking at the west coast and the mid-west as possible second steps in the U.S. Mr. Conran emphasises that they would be managed by different executive teams.

As in Britain, Habitat has based its furniture marketing on cost-cutting exercises such as self-assembly and take-away purchases. The Americans, accustomed to home delivery, "found accepting our puritanical outlook rather a shock," Mr. Conran says.

Apert from the U.S. and France, other overseas growth areas are being considered. West Germany has enormous trading potential but the Habitat style of furniture is already well covered by a highly successful hypermarket chain, Japan is another possibility but will have to be approached as a joint venture with a local firm.

Back in the UK, meanwhile, recent analysis by the company suggests that there is scope for 66 stores in the country, compared with 28 at present. Mini-stores, carrying a limited range, are being investigated, as are hypermarkets. So the group which started in exclusive Chelsea could well end up on the village high-street.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

INSTRUMENTS

Measures wind speed

AN UNUSUAL type of wind-speed measuring instrument with no moving parts, aimed at the construction engineering industries, has been announced by Prosser Scientific Instruments...

Many current anemometer designs use mechanical sensors such as vanes or cups which have to be mounted and remain in a vertical attitude—implying a similar mounting with some kinds of crane for example.

Checks the continuity

OPEN OR short circuits can be located quickly on most types of printed circuit board including multilayer and flexible types, using the A9400 from Gould Instruments...

Finding breaks in cables

LOCATION OF breaks in cables can be found to an accuracy of 250 mm in 100 metres using a hand-held instrument made by Data Precision in the U.S.

These tanks each of 16,000 litres capacity (3 metres high and 2 metres in diameter) were fabricated by Advanced Chemical Equipment of Mirfield, West Yorkshire...

PROCESSES

Rounds off the sharp corners

USE OF melamine veneers has made sharp edges and pointed corners of furniture a potential domestic hazard...

MATERIALS

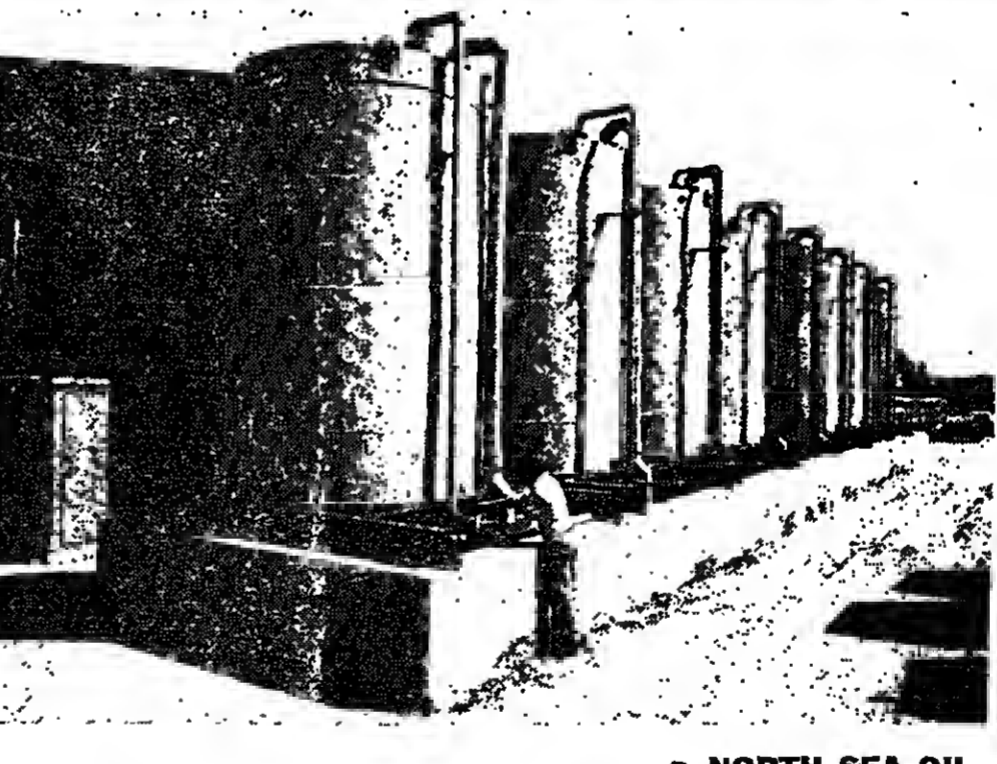
Industrial solvents

ONE OF the major European producers of fluorinated hydrocarbons, Rhone-Poulenc, is now marketing in the UK a range of solvent blends under the trade name Flugetra F113.

SERVICES

New cranes for old

LATEST ACTIVITY of Crane and Machinery Services (an Acrow company) is to completely recondition mobile cranes in a relatively poor condition so that they may then be offered in "as new" condition...



NORTH SEA OIL

Keeping the pipelines clean

GENERAL descaling has won an order from Brown and Root Wimperley Highlands Fabricators, on behalf of BNOC (Development) to design and build what is believed to be the first pig trap capable of launching six pigs in sequence under one-man control.

TRANSPORT

Experiment with a bus engine

AS PART of a programme to evaluate energy-conserving ideas, the National Bus Company in conjunction with Leyland Vehicles has put a liquefied petroleum gas-powered Leyland Atlantean vehicle into service with the Ribble fleet.

COMPUTING

Terminals for building society

BIG ADVANCES in the financial terminal market in Britain have been scored by Philips Data Systems in securing a contract from the Bradford and Bingley Building Society.

ELECTRONICS

Bench-top testing equipment

MOST of the facilities of the company's MB7700 automatic test equipment family can be provided as options in a new version of Membrun's MB7710, a bench-top tester with full diagnostic ability which is offered at under £25,000.

Belgian software centre

AMERICAN microcomputer system software house, Microsoft, has joined with Belgian-based Vector International to jointly establish Vector Microsoft.

PRESS Engineering contractors to the oil, gas, chemical, process and power generation industries. WILLIAM PRESS GROUP, TEL 01-353 1644.

LOMBARD

Oil price poser for politicians

BY DAVID BUCHAN IN WASHINGTON

NORTH AMERICANS have to accept OPEC price increases like the rest of us. It is quite another thing for them to grin and bear it when their politicians start pushing up their own domestic oil prices. The next few months will show whether U.S. and Canadian voters are stout enough to swallow the unpleasant medicine President Jimmy Carter and Prime Minister Joe Clark of Canada are prescribing.

Pledge

Mr. Carter, whose phased de-control of U.S. oil prices is the bedrock of his energy policy, tests this spring. Buoyed in the polls by popular reaction to the Iran crisis, the President may yet come a cropper on the energy issue. Mr. Clark may already have done so—a proposed 18 cent (Can.) a gallon petrol increase brought down his budget and his Government. But he has pledged to reintroduce it if returned to power in the February 18 general election.

The nature of the dilemma facing each man is very similar. The U.S. and Canada promised their European and Japanese partners to bring their domestic oil prices in line with world levels. The aim is to reduce imports by the pincer effect of stimulating production and squeezing consumption at home. U.S. imports, as we all know by now, are gargantuan. Canada's imports are still small, 150,000 b/d, but could treble by 1985.

The political nightmare for both men is that not only is the catch-up to world levels likely to pain their voters, but if Americans and Canadians are to conserve more and consume less, how do you persuade voters to put you back in power when you have chewed a large hole in their pockets? One thing that helps is to try to placate the oil consumer by soaking the producer—the Shetland oil fields in Aberdeen, 1.50 a barrel, and Alberta, 2.05 ("Stagelock") a barrel. U.S. oil prices are similar to that of the Canadian budget package.

Canada should have one advantage over the U.S. in tackling the problem of con-

sumption. If a new government comes in with an overall parliamentary majority (which Mr. Clark so far did not have) it can ask parliament to slap an oil price increase almost overnight, and make them stick. Not so in Washington, where a similar move could only emerge out of mouths of pulling and hauling in Congress. Mr. Clark's defeat on his 18 cents has reinforced those in the Carter White House who have argued that a mooted 50 cent (U.S.) tax on a gallon of petrol spells suicide in an election year.

Otherwise, Canada is more seriously out of kilter. Canadians already have the world's highest per capita energy consumption—52 barrels of oil equivalent. Their cold winter and the strung-out distribution of their population plus the prevalence of energy industries are part of the explanation—but so is wasting consumption. It is still rising. Canadian drivers used 4.3 per cent more petrol in January-September this year; the U.S. consumption, because of steep price rises and shortages, went down by almost the same percentage in that period.

Both countries are trying to hit a moving target, those ever-higher world prices that keep receding like a desert mirage. The U.S. has at least a reasonable plan to close the gap. Under the Carter de-control, a progressively larger volume of U.S. produced oil is freed from controls. By October 1, 1981, when all U.S. controls expire, all U.S. oil should in theory be traded at or near the world price.

Disheartening

Canada, however, is going much slower down the old path of price fixing across-the-board. Its outgoing Tory Government wanted to increase the domestic price for crude by C\$ 4 a barrel in 1980 and C\$ 4.50 in 1981. With its defeat, all that is certain is that Canadian oil will rise by a paltry C\$ 1 to C\$ 14.75 on January 1. At that rate, they will never catch up with OPEC.

Disheartening, but apt for Canadians are the words of the Red Queen to Alice: "You have to run as fast as you can to stay where you are. If you want to get anywhere else you must run twice as fast as that."

TV Radio

- 4.20 Maxidog, 4.25 Jackanory, 4.30 Jack and the Beanstalk, 5.35 For the Eagle.
- 5.40 News.
- 5.50 Regional news (except London and the South East).
- 6.00 Up a Gum Tree.
- 6.30 "A Funny Thing Happened On the Way To The Forum," film, starring Zero Mostel and Phil Silvers.
- 8.05 Peppercorn.
- 9.05 News.
- 9.15 "Cleopatra," film, starring Laurence Olivier and Michael Caine.
- 11.29 News.
- 11.30 The Best of Dean Martin.
- 12.35-12.40 Am Weather.

F.T. CROSSWORD PUZZLE No. 1460

1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	32

- ACROSS**
- Skip country of origin of beauty queen (4, 7)
 - Strike back at standard (3)
 - Mark as fresh start for preventing a paio in the neck (5)
 - A section intended, we hear, for the fat (9)
 - Officer blushing to reach standard afloat (3, 6)
 - Shade turns out to be one returning for example (5)
 - Stranded youth setting a happy standard (7)
 - Solicitor in East-end dismissed (4)
 - Verbal dexterity outside right finds in summits (4)
 - Book reviewer in company is all ears (7)
 - It's used for eveing form of transport (5)
 - Trader who doesn't go in extremes (8)
 - Winning everything during big fight (5, 4)
 - Draw a bond (3)
 - Part of Yorkshire by custom making horsy clothes (6, 5)
- DOWN**
- Don't rely on fog and corrosion (8)
 - Rank of deputy German leader (3)
 - The Spanish part of fish is small and mischievously charming (5)
 - Down to earth attraction (7)
 - Opposed to a profit on the way (7)
 - In which one is obliged to take a vault (4, 5)
 - Almost exact summary (6)
 - Split on female for choice (6)
 - Stop offer being made to hotel worker (9)
 - A vault round doctor with deadly weapon (4, 4)
 - Part of church making strange patterns (8)
 - Bell and grasped what meaning there was (7)
 - Last word about a divine bachelor with nothing on his belly (7)
 - Odds one obtained for Peg controlling flow of liquor (6)
 - Tasty morsel accountant gets on back of neck (6)
 - Round controller with the French hard word (3)
 - Solution to Puzzle No. 1459

Averting a Christmas Armageddon

BY JOHN GRIFFITHS

Indeed, safety is the main concern of the "DM"—the offshore installation manager—in the case of Claymore he is Chuck Nelson, a tall, rangy American veteran of oilfields from Alaska to Venezuela. It is Nelson who has the sole prerogative to order the abandonment of the platform in a crisis, and to enforce other rules set out in a safety booklet running to 45 pages and which is mandatory reading for all on the platform. Wee huddle the man lighting his Christmas cigar anywhere outside the living and working quarters specially pressurised to keep out indammable vapours.



AROUND BRITAIN THE NORTH SEA

On the Occidental group's Claymore production platform, as on most other North Sea installations, approval has to be sought even for the handiest of the Christmas pud or the wine for the supreme guinea fowl marelard. Not that it's needed for the smoked salmon au citron: Or the salmon en croûte castaine; Or the jellied breast of duckling; Or the roast venison and sauce royal; Or the tournedos rossini, royal game soup, bombe Alaska rum savaarin with fresh cream, vacharin lychees, cheese board or petit fours.

At least the 230 crew go thirsty in style. There is a popular belief that North Sea rig platforms are populated entirely by hard-bitten, red-necked Americans and huge, hirsute Scots whose idea of a pre-lunch aperitif is ten pints "as heavy." In fact, as Mr. Colin Stearn, Claymore's platform foreman, points out, most of the men on the Claymore platform are ordinary guys like you and me with wives and huge mortgages.

Tarbank best for Newbury

AT NEWBURY this afternoon Fulke Walwyn saddles Tarbank in preference to the Queen Mother's Special Cargo for the Eicoi Park Novices Chase (12.30).

It will be surprising and disappointing if this day gelding by Tarogang, who ploughed through the mud to win by 12 lengths at Warwick just over a week ago, does not supplement that success today. I believe both he and Special Cargo have a bright future over fences.

If Tarbank is a promising steeplechaser, it would also appear that Random Leg, from Ireland, whom Josh Clifford trains for Major Derek Wiggin, is a more than useful recruit

to the ranks of four-year-old hurdlers.

Certainly he produced a devastating spurt at Cheltenham three weeks ago when he sprinted clear up the hill to beat Bechnablath and Stoic Yarn, both of whom had won their previous races convincingly. Random Leg looks like justifying favouritism in the Ransbury Hurdle (2.30).

Lady Herries, who trains a small team of jumpers successfully at her home, Everingham Park, near York, has sent Lanarkish and Set Point south to run in the Challow Hurdle (1.30), and the Weyhill Handicap Chase (2.00) respectively, and I think both will go well.

Pencraig, a convincing winner in soft ground at Worcester earlier in the month, has Fury Boy to beat in the Hungerford Handicap Chase (1.00).

"Blessed is she among men," observed the commentator as Mrs. A. Ferris, on the rank outsider, Brian (not to be confused with the Brian of the co-favourite, Twinburn, in the Sweepstake Handicap Hurdle at Leopardstown yesterday). It was a typical Irish result, and Mrs. Ferris is the only woman rider in the race, rode superbly, being challenged all the way up the finishing straight by the powerful, T. Quinn. In his three previous races Brian had been partnered by that great Irish jockey, T. Carberry.

NEWBURY
 12.30—Tarbank***
 1.00—Pencraig**
 1.30—Lanarkish**
 2.00—Weyhill Leg**
 2.30—Random Leg**
 3.00—Knockagin

RACING

BY DARE WIGAN

SCOTTISH
 9.25 am Tarran, 10.25 Cowen Deep, 11.10 Alice in Wonderland, 12.10 pm Once Upon a Christmas, 12.30 The Whistling Straws, 1.30 A Final Sneeze, 2.30 A Final Sneeze, 3.30 A Final Sneeze, 4.30 A Final Sneeze, 5.30 A Final Sneeze, 6.30 A Final Sneeze, 7.30 A Final Sneeze, 8.30 A Final Sneeze, 9.30 A Final Sneeze, 10.30 A Final Sneeze, 11.30 A Final Sneeze, 12.30 A Final Sneeze.

Opera & Ballet

OPERA & BALLET
 1.30 pm Royal Opera House, Covent Garden, "The Barber of Seville".
 7.30 pm Royal Opera House, Covent Garden, "The Barber of Seville".

Theatres

THEATRES
 7.30 pm National Theatre, "The Merchant of Venice".
 7.30 pm Royal Opera House, Covent Garden, "The Barber of Seville".

Radio Wavelengths

1 105.3kHz/280m	3 300kHz/1050m
2 883kHz/327m	4 1215kHz/247m
8 89-117kHz stereo	9 89-117kHz stereo

RADIO 1 (SI) Stereo Broadcast (Medium Wave)
 5.00 am Radio 1, 6.00 David Lee Travis, 8.00 Simon Bates, 11.31 Paul Burnett including 12.30 pm News, 2.00 Andy Pople, 4.31 Paul Campbell including 5.00 News, 6.00 Am Matthews, 8.55 News, 10.00 The Friday Rock Show (S), 12.00 9.00 As Radio 2.

RADIO 2
 5.00 am Radio 2, 5.03 Steve Jones (S) including 6.15 Paves for Thought, 7.32 Terry Wogan (S) including 8.22 Racing Bulletin, 8.46 Paves for Thought, 10.03 Colin Berry (S), 12.15 Pat Wiggons' Walk, 12.30 Pave Murray's Dpan Waves (S) including 1.30 Sports Desk, 2.15 Sports Desk, 4.02 Jim McLeod and David Hamilton (S) including 2.45, 3.45 Sports Desk with racing results, 4.15 Much More Music (S) including 4.40 Gambade including 5.00 News, 5.08 Wagoners' Walk, 5.30 John Bunn (S) including 5.45 Sports Desk, 6.45 Sports Desk, 7.22 Paves for Thought, 7.50 Paves for Thought, 8.02 Paves for Thought (S) includes the BBC Radio Orchestra, 8.45 Friday Night is Music Night (S), 9.05 Sports Desk, 10.02 Jim McLeod and David Hamilton at the Radio 2 Ballroom, 11.02 Brian Matthews with Round Midnight, 12.00 Midnight News, 12.02 Paves for Thought, 12.03 Paves for Thought, 12.04 Paves for Thought, 12.05 Paves for Thought, 12.06 Paves for Thought, 12.07 Paves for Thought, 12.08 Paves for Thought, 12.09 Paves for Thought, 12.10 Paves for Thought, 12.11 Paves for Thought, 12.12 Paves for Thought, 12.13 Paves for Thought, 12.14 Paves for Thought, 12.15 Paves for Thought, 12.16 Paves for Thought, 12.17 Paves for Thought, 12.18 Paves for Thought, 12.19 Paves for Thought, 12.20 Paves for Thought, 12.21 Paves for Thought, 12.22 Paves for Thought, 12.23 Paves for Thought, 12.24 Paves for Thought, 12.25 Paves for Thought, 12.26 Paves for Thought, 12.27 Paves for Thought, 12.28 Paves for Thought, 12.29 Paves for Thought, 12.30 Paves for Thought.

ENTERTAINMENT GUIDE

OPERA & BALLET
 1.30 pm Royal Opera House, Covent Garden, "The Barber of Seville".
 7.30 pm Royal Opera House, Covent Garden, "The Barber of Seville".

THEATRES
 7.30 pm National Theatre, "The Merchant of Venice".
 7.30 pm Royal Opera House, Covent Garden, "The Barber of Seville".

CONCERTS
 8.00 pm Royal Albert Hall, "The Proms".

CLASSIFIED ADVERTISEMENT RATES

2nd JANUARY, 1980

per column	single column
Commercial and Industrial Property	5.00
Residential Property	7.50
Appointments	15.00
Business & Investment Opportunities	15.00
Corporation Loans/Production Capacity	3.00
Businesses for Sale/Wanted	7.00
Education, Personal, Gardening	17.00
Hotels and Travel	15.00
Contracts and Tenders	17.50
Book Publishers	9.00

Premium positions available (Minimum size 30 column cms.)
 £2.00 per single column cm. extra
 For further details write to:
 Classified Advertisement Manager
 Financial Times, 10 Cannon Street, EC4A 3DF

THE ARTS

Cinema

Spaced out in Vietnam

by NIGEL ANDREWS

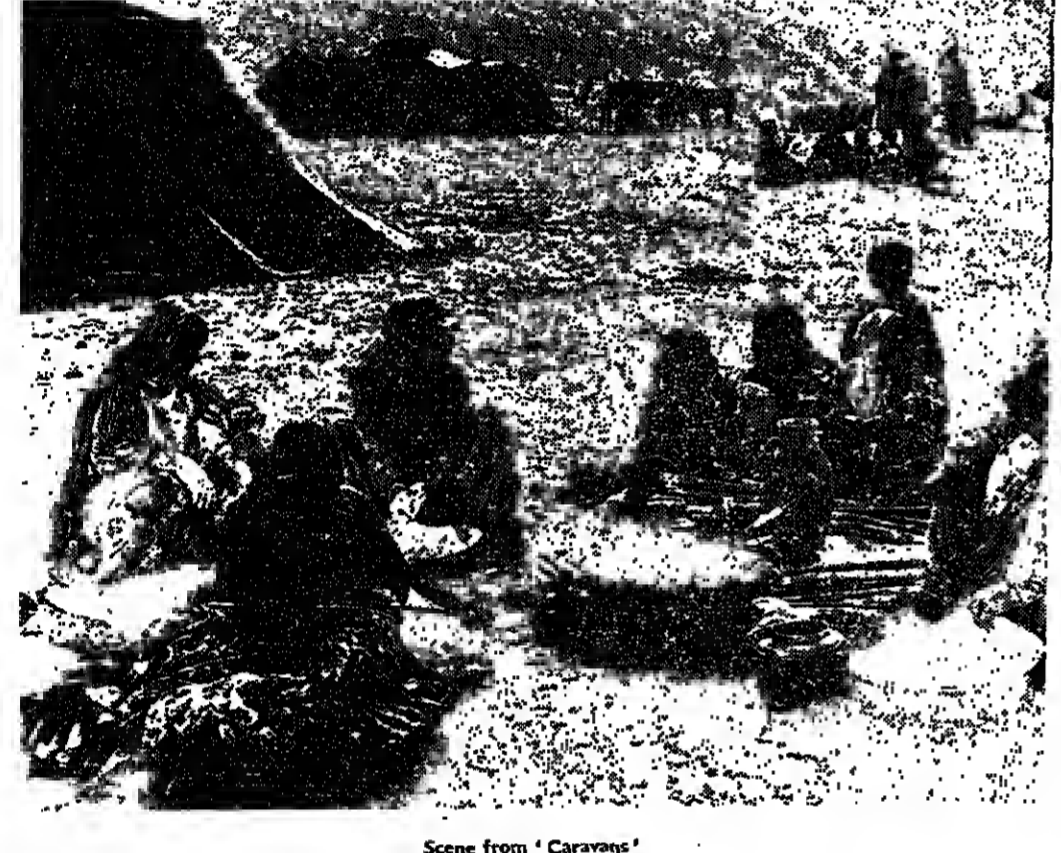
Vampires, Vietnam, space monsters, Superman, nuclear disasters, sharks, Joan Collins, rabbits, Mods and Rockers, hobbits, space, more space, James Bond, more space.

guerrilla warfare to Outer Space. All the nightmares of Vietnam engagement—of sudden ambush, of superior technology and manpower outwitted by stealth and camouflage—

writing stolid Goliaths at every turn. Certainly there has never been such an alarmist, scare-easy, tremor-prone cinema as in recent months.



'The Deer Hunter'—a monumental achievement



Scene from 'Caravans'

New York Theatre

California comes to Broadway's aid

by FRANK LIPSINS

Talk of had timing: the last Broadway opening of the decade, a Black American version of 'A Christmas Carol'...

West-Coast cousin exact to rescue his high minded and poorer East-Coast relations?

Terry Curtis Fox. The clever hantler of young lawyers whiles away the time between twists of plot...

merely promoted in turn all the possible sexual combinations among two women and two men...

three Stoppard works to appear this year in New York. Every Good Boy Deserves Favour had an American cast...

Among the play's producers are Columbia Pictures, one example of a recent trend for film companies to reduce the cost of buying film rights...

Off-Broadway took shape this decade as a viable alternative to Broadway where numerous notable playwrights did most if not all of their work.

Despite lingering fears for its health, Off-Broadway has had some startling evidence of prosperity, like the Manhattan Theatre Club's star-studded production of John Halperin's 'Losing Time'...

A half-American, half-English cast skilfully carry off the verbal pyrotechnics of Nigel Williams's 'Class Enemy'...

If Broadway has found itself a way to wait for better times, it need now worry only about Broadway as a large underdeveloped parcel of real estate...

COMPANY NOTICES

NOTICE TO HOLDERS OF BEARER DEPOSITORY RECEIPTS Issued in respect of shares of OLYMPUS OPTICAL COMPANY, LTD. CAPITALISATION ISSUE 1979

THE COPENHAGEN COUNTY AUTHORITY 7 3/4% 1972/1987 U.S.\$15,000,000 Loan

REPUBLIC OF SOUTH AFRICA US\$25,000,000 Loan 8% 7 1/2-7 3/4

BUILDING SOCIETY RATES Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

COMISION FEDERAL DE ELECTRICIDAD (C.F.E.) 6 1/2% 1986/1996 U.S.\$2,000,000 LOAN

THE INVESTMENT TRUST LIMITED NOTICE IS HEREBY GIVEN THAT THE REPORT OF THE DIRECTORS...

LONDON AND LIVERPOOL TRUST LIMITED NOTICE IS HEREBY GIVEN THAT THE REPORT OF THE DIRECTORS...

Luxton & Lowe Ltd 1984-1985 Annual Report

CITY OF BROADFORD METROPOLITAN COUNCIL Bills amounting to £29,000,000 were issued on 1 December 1979...

TRAVEL GENEVA, Zurich and Bern, winter range of cheap flights from 4 UK airports...

CLUBS GARGOYLE, 69 Dean Street, London, W1. AS YOU LIKE IT

ART GALLERIES CITY AND GUILDS OF LONDON ART GALLERY

FINANCIAL TIMES

REACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF
Telegrams: Finantime, London FSA. Telex: 336487L, 883987
Telephone: 01-348 8000

Friday December 28 1979

Soviet nuclear energy plans unshaken by safety debate

BY DAVID SATTER IN MOSCOW

A market test for Immos

INMOS, THE Anglo-American semi-conductor company which is financed by the National Enterprise Board, yesterday announced that its first UK production unit would be based at Bristol. The plant will be sited alongside the company's already-established design centre and will be concerned with the volume manufacture of micro-computer products; production is due to start in 1982.

The timing of the announcement is rather odd, since construction of the UK plant is dependent on a decision by the Government to provide Immos with a second tranche of £25m of taxpayers' funds. The first £25m was provided by the Labour Government in mid-1978. The managers of Immos presumably felt able to announce the choice of location because they are confident that the additional £25m will be forthcoming very soon.

It is not surprising that the Government is taking some time to reach a decision: the future of Immos presents Sir Keith Joseph, Secretary of Industry, with a more difficult set of political and technical issues than, for example, the funding of B.L.

Pervasive

Immos is the creation of a group of scientists and engineers who believe they can make a viable business out of mass-producing integrated circuits and related products—the famous "micro-chips" whose pervasive impact on the electronics industry and on a host of other manufacturing industries is now well-known. The NEB under its previous management decided to support Immos because it thought that the UK needed an indigenous source of mass-produced integrated circuits, dependence on imports from the U.S. or elsewhere would, it was felt, have a damaging effect on the manufacturers of the products and systems to which integrated circuits play a key role. It was also argued that the UK, unlike the U.S., did not have adequate sources of venture capital which could finance high-risk, high-technology projects of the Immos type; there was an "equity gap" which the NEB was created to fill.

These arguments began to seem less strong when other companies, particularly GEC in association with Fairchild of the U.S., decided to undertake

the mass-production of integrated circuits in the UK. Several projects have also been launched by U.S.-owned companies. It is difficult to claim that the continuation of Immos is a vital national interest comparable, say, to the preservation of Rolls-Royce to the world league of aero-engine builders. It is an entrepreneurial venture which, if successful, could bring useful benefits to the UK economy, but it can and must be judged on its commercial merits. If the Government is to go on supporting it, Sir Keith Joseph will have to convince himself that this is a temporary bridging operation made necessary by the deficiencies of the UK capital market and that the ownership and financing of Immos can ultimately be transferred to the private sector.

There are, however, several difficulties about this. It is hard to think of an industry less suitable for public-sector involvement and ownership than integrated circuits. It is a fast-moving and unpredictable technology, with a high failure rate among new companies. The American venture capitalist can decide to support a budding entrepreneur to his own hunch. He is answerable to no one but himself. Equally, he can cut his losses quickly if the project turns sour. The NEB is answerable to the Government and the taxpayer.

Withdrawal

Furthermore it is far from certain there is an "equity gap" in the sense in which proponents of the NEB have claimed. Institutional investors in the UK are prepared to provide venture capital if they believe that the proposition is sound. What they quite reasonably shy away from are Concorde-type projects which involve ever-increasing amounts of capital and ever-diminishing prospects of a commercial return.

So while it would be wrong for Sir Keith Joseph to withdraw support for Immos on ideological grounds, it is urgently necessary that its operations should be subjected to some form of market test. The best way would be for private sector institutions to participate in the next stage of funding, as the first step towards the withdrawal of Immos from the public sector.

NUCLEAR ENERGY

may be a controversial issue in the West but in the Soviet Union, where the economy is centrally planned and no anti-nuclear protesters bedevil the authorities, energy planners are expressing few doubts.

The situation has changed, however, with the appearance of an article by Nikolai Dollezhal, the leading Soviet expert on nuclear energy and Yuri Koryakin, an economist, in the September issue of *Kommunist*, the Communist Party theoretical journal. For the first time in the Soviet press, the article paid explicit attention to the fact that nuclear power carried with it appreciable risks.

This note of anxiety comes at a time when the Soviets have not only prepared a major conversion to nuclear energy by the end of the century but have decided to locate reactors in or near population centres and to base long-range planning on fast breeder reactors. This type is also under development in the UK and France.

The economic logic has been persuasive enough to override other faint warnings about reactor safety from within the Soviet Union and the discussion abroad about Soviet nuclear accidents, including a disaster in the Urals at a military complex which caused severe contamination and apparently hundreds of deaths.

The Soviet Union has 10 nuclear power plants operating in the European part of the country and the intention is for generating capacity to grow from 10,000 MW now to more than 110,000 MW in 1990. By the year 2000, 20 per cent of Soviet energy needs and all the electricity needs of European Russia are to be met by nuclear power. It plans to use two types of reactor: a pressure-tube system unique to the USSR, and a pressurised water reactor (PWR) similar to those used in the West.

In the past, the Soviets have had trouble achieving their nuclear energy targets. Their first goal, set in 1971, was to install 30,000 MW of nuclear generating capacity in 10 years. This target was revised downward some years later to 18,500 MW by the end of 1980, but this lower target will not be met.

What may make a difference now, however, is the progress towards completion of "Atomash," the vast nuclear power engineering complex being built near Volgogradsk in southern Russia, and the careful co-ordination of Soviet export and energy strategy to accommodate dramatic increase in nuclear power.

The Soviet Union has always been a leader in nuclear energy but the development of "Atomash" will put Soviet atomic engineering on an entirely new footing. The first Soviet nuclear power plant was opened in 1954 at Obninsk and had a capacity of 5 MW. Since then, the Izorsk works, south of Leningrad, has produced 440 MW pressurised water reactors and multichannel

NUCLEAR POWER STATIONS IN THE USSR

In operation	No. of Units	Type	Unit Capacity MWe	Commissioned
Obninsk	1	PTR	5	1954
Beloyarsk 1	6	PTR	100	1958-1962
Beloyarsk 2	1	PTR	100	1964
Leningrad	1	PTR	200	1967
Chernobyl	2	PTR	1000	1973, 1975
Kursk	4	PTR	12	1973-1976
Novovoronezh 1	1	PTR	1000	1977
Novovoronezh 2	1	PWR	210	1976
Novovoronezh 3, 4	1	PWR	265	1969
Novovoronezh 5	2	PWR	440	1971, 1972
Kola	1	PWR	1000	1978
Armenia	2	PWR	440	1973, 1974
Armenia (BOR 40)	1	PWR	40	1976
Ulyanovsk	1	FR	12	1962
Shevchenko (BN350)	1	FR	~110	1973
Under construction				
Leningrad	2	PTR	1000	
Kursk	2	PTR	1000	
Chernobyl	1	PTR	1000	
Smolensk	2	PTR	1500	
Ignalina	2	PWR	440	
Kola	1	PWR	405	
Armenia	1	PWR	1000	
Kalinin	1	PWR	1000	
South Ukraine	1	PWR	1000	
Rovno	2	PWR	440	
Beloyarsk (BN 400)	1	FR	600	
Planned				
Kursk	1	PTR	1000	
Chernobyl	2	PTR	1000	
Smolensk	3	PWR	1000	
South Ukraine	3	PWR	1000	
West Ukraine	4	PWR	1000	

* This reactor also produces 50,000 m³ distilled water per day.

Notes:
1 There is a small, experimental boiling water reactor of 50 MWe at Ulyanovsk.
2 There is an experimental fast reactor of 5 MWe at Obninsk.
3 Total MWe in operation is: 8,825 MWe
Total MWe under construction is: 13,765 MWe
Total MWe planned is: 14,000 MWe
Total: 36,590 MWe
4 PTR refers to pressure tube reactors of the RBMK type.
PWR refers to pressurised water reactors of the VVER type.

1,000 MW units. At Atomash, however, the intention is to produce 1,000 MW PWR's on an assembly line basis, as is being done in West Germany, France and the U.S.

At the same time, plans are advanced for the rationalisation of atomic reactor manufacturing within Comecon. The last 410 MW reactors are being finished at Izorsk and in the future, the smaller, Soviet-designed reactor is to be manufactured in Czechoslovakia.

There is a co-operation programme envisaged for Comecon which involves all the East European member countries except Romania but the heavy work—pressure vessels and assembly of the reactor core—is to be done only in the Soviet Union and Czechoslovakia.

There have been delays at Atomash and the project is now two years behind schedule. But the first 1,000 MW reactor is expected to be finished by 1982, when the works should be able to produce three reactors a year.

In anticipation of the energy benefits that the expansion of nuclear power will bring, the Soviets have pledged to increase

for restricting nuclear energy development. It said that the planned siting of 50 to 70 nuclear power stations in densely populated European Russia could lead to "ecological exhaustion" and the loss of too much agricultural land and water. The authors argued that reactors should be clustered in vast, self-contained complexes away from populated areas, in "nuclear parks," as they are known in the west.

The "Kommunist" article was widely cited and discussed in Moscow Radio but it was not until last month that it was implicitly criticised by Mr. Vladimir Kirillin, the head of the State Committee for science and technology, who, dwelling on the issue of the environment rather than nuclear safety, argued that nuclear power stations were "several thousand times cleaner" to operate than conventionally fuelled plants. Mr. Anatoly Alexandrov, the President of the Soviet Academy of Sciences, at a Press conference on December 18, told correspondents that nuclear power is a safer way to generate electricity than oil or coal, and said, "there are no insoluble problems in atomic energy."

Neither the "Kommunist" article nor Mr. Kirillin's reply went so far as to raise the issue of nuclear safety explicitly but this was probably because, as a matter of policy, the Soviet authorities do not want to arouse public fears over an issue in which the public has no say. The discussion about environmental consequences in the Soviet Press should probably, therefore, be taken as a coded version of the debate about nuclear safety going on among Soviet officials.

When worry in the West about the dangers of nuclear waste disposal was mentioned at a recent British-Soviet energy seminar, the Soviet participants were said to have replied, with uncharacteristic lack of confidence, "doesn't it worry us all?"

Indeed, the Soviet energy planners have cause for concern. They are proceeding rapidly in an area which is not fully mastered and seem prepared to expose urban populations to greater risks than would their counterparts in the West.

The Leningrad atomic power station, of the pressure-tube type which, with a generating capacity of 8,000 MW (soon to be increased to 4,000 MW), is the largest nuclear installation in Europe, and is only 45 miles from the centre of Leningrad in the town of Sosnovy Bor, 70km from the centre of the Soviet aviation industry, draws most of its power from six reactors operating at nearby Novovoronezh.

Fast-breeder development

The aggressiveness of Soviet nuclear energy development shows in the attitude toward fast-breeder reactors. The first Soviet breeder reactor, at Shevchenko on the shore of the Caspian Sea, within a capacity of 120 MW went into operation in 1973 and the Soviets expect to complete a second fast-breeder reactor at Beloyarsk with a capacity of 600 MW, which should be finished by the end of 1980.

They envisage breeder reactors being widespread in the 1990s because they produce more plutonium than they consume and thus could solve the problem of dwindling uranium supplies. An accident at the Shevchenko reactor in 1974, in which a flash fire resulting from a leak allowed by faulty welding caused a partial closure of the reactor, was a reminder, however, that breeder reactors are new and still relatively untested.

Little can be said with certainty about the stringency of Soviet safety in light of their ambitious plans to develop nuclear power. Almost all Soviet reactors have been built without concrete containment shells to isolate radioactivity in the event of an accident. Workers do not wear badges to measure exposure to radiation and visiting American Journal-

ists were recently surprised to be escorted to the top of a small reactor at Moscow's Kurchatov Institute of Atomic Energy where they were taken to within 15 ft of the reactor's burning uranium fuel.

Such details as these may be indicative of an attitude; but they are not as worrying as actual experiences with malfunctioning Soviet reactors in Finland and Czechoslovakia and the memory of a nuclear disaster in the Soviet Union more than 20 years ago.

The Finnish incident was relatively minor: the operation of the second of two 440 MW Soviet reactors at Loviisa (both of which were fitted with containment shells purchased by the Finns in the West) has been delayed because of cracks developed in a stainless steel core for the pressure vessel. A closer examination of the reactor showed that, under extreme circumstances, small radioactive leaks might not trigger the emergency cooling system.

In Czechoslovakia, one of two Soviet-designed reactors at Jaslovce Bohunice, north of Bratislava, has suffered two major accidents, both of which released radioactivity into the atmosphere. According to the Charter 77 human rights group, the first occurred in August 1977, when the obstruction of a valve controlling the flow of carbon dioxide coolant caused pressure to build up and hot radioactive gas flowed into working spaces and escaped into the atmosphere.

Two workers were suffocated in the incident.

The second accident, a month later, occurred when a uranium fuel element was loaded improperly. As the reactor was shut down, contaminated steam escaped into the atmosphere. Nothing is known about the extent of the contamination in either case.

In many respects, Soviet nuclear safety regulations, particularly as regards the operating of reactors, are as tough as those in the West. But the experiences in Czechoslovakia and Finland suggest that the problem may lie not with insufficient regulations but with their non-observance.

It may have been simple lack of care in the storage of nuclear waste that led to the 1958 explosion near Chelyabinsk in the Urals in which hundreds apparently died. The area was so massively contaminated after the disaster that, according to a former Soviet professor now living in Israel, there were "no villages, no towns, only the chimneys of destroyed houses, or pastures, no herds, no people—nothing."

Having gone so far toward adopting nuclear energy, the Soviets are unlikely to turn back now. But with the recent and medium-term past in mind it is at least reassuring that the article by Academic Dollezhal and Dr. Koryakin in "Kommunist" points clearly to the fact that the long-overdue internal debate about the risks of nuclear energy is under way at last.

Gaullists rock the boat

PRESIDENT Giscard d'Estaing has suffered a number of embarrassments in recent weeks. His Minister of Labour M. Robert Boulin, committed suicide in circumstances that threatened to provoke a major political scandal and enormous publicity has been given to the President's alleged receipt of valuable diamonds from the disgraced ex-Central African Emperor Bokassa. More recently, M. Giscard d'Estaing's Government has been obliged to resort to what looks close to juggling with the constitution to get its budget adopted by the National Assembly. This week, the President had no alternative but to recall the Parliament in the depths of the Christmas recess to try to legalise the budget's adoption after an adverse ruling by the country's Constitutional Council.

Confidence

The Council's ruling was not a technicality. It did not challenge the Government's right to invoke the relevant article of the Constitution, under which it is entitled to force through legislation by making it a matter of confidence. Under a provision that was frequently used by General de Gaulle, bills treated in this way are considered adopted unless the Government is actually voted down by a motion of censure.

Nevertheless, it can hardly be claimed that this is a satisfactory way to run a Western democracy. The French Government has now, on average, challenged the opposition (and many of its own official supporters) to a vote of confidence once a week for the past half dozen weeks. If it has survived, it is because the Gaullists still the biggest single party in the National Assembly, have stoned short of bringing it down and causing early elections. Paradoxically, it is the Gaullists who have provoked the crisis they have failed to see through to the end.

The Gaullists are in a cleft stick. They dislike the Centrist Government of President Giscard d'Estaing, which they officially support as coalition partners. They are trying to make it quite clear to the electorate that they have a separate identity and do not automatically go along with the

Giscardiens. M. Jacques Chirac, the Gaullist leader, wants to be in with a chance in the 1981 Presidential elections, and has concluded that the best way of staking out his position is to undermine M. Giscard d'Estaing's authority. But there are two reasons why he does not actually want to bring the present Government down. The first is that to do so they would have to vote alongside the Socialists and Communists in a motion of censure, possibly acquiring a leftist tinge that they do not want. The second is that they are not very well placed to fight an immediate Parliamentary election.

The fact of the matter is that, despite his recent misfortunes, M. Giscard d'Estaing has been standing up rather well in the opinion polls. M. Chirac's sniping has not had the desired effect of establishing him as a credible alternative for 1981. Indeed, he has had to be restrained by his own party, which feels that as often as not he has done it more harm than good. If he is pulling the strings behind the scenes in the latest series of Parliamentary incidents, he has been keeping fairly quiet publicly. The popularity not only of M. Giscard d'Estaing, but also of his Prime Minister, M. Raymond Barre, has been rising.

It may be that M. Giscard d'Estaing will finally conclude that M. Barre will have to go some time in the spring in order to allow a new Prime Minister to run himself in before the Presidential elections. Certainly, the President will not want to persist in invoking the Constitution every time some routine piece of Parliamentary business needs to be done.

Best bet

Despite his problems, M. Giscard d'Estaing still looks the best bet for the 1981 Presidential race. M. Chirac's tactics have so far failed, while the Left is in disarray. There seems little or no likelihood that the Socialists and Communists will now themselves be able to field a common candidate for the Presidency, and the Socialists are still divided over their own nomination—the veteran Francois Mitterand or the more social democratic Michel Rocard. M. Giscard d'Estaing may be going through a difficult patch, but it is not yet a disaster.

MEN AND MATTERS

Keeping a critical eye around two

One of the more acerbic observers of the Rhodesia elections will be director of the Joseph Rowntree Social Services Trust, life peer Lord Chitnis, who did so much to discredit the validity of the first round of elections in April. After a fortnight's tour of the country as a member of the inter-party Parliamentary group of observers, he stigmatised the elections as "a gigantic confidence trick" and talked of "cowed and indoctrinated" voters.

The trust has given Chitnis leave of absence if he wants it, but he insists he is not going in any kind of official capacity, nor will he involve himself "very directly" with the campaign of any particular party. Rumours to the contrary, he tells me the trust—which gives away £250,000 a year to political and other non-charitable causes—has extended no financial support to the Patriotic Front. Nor, he says, has any application been received.

Any touchiness he displays on this subject might be explained by the uproar which followed the trust's grant of £30,000 to guerrillas in Mozambique in 1971, soon after he became director of the trust. One consequence was that he was sent a letter bomb—a very primitive one," he says airily.



"Actually the £5 milk goes to the first person to make an offer for the store."

quarters in Washington. Now I have had a letter from Walter Dannemann, director of the Fund's bureau of statistics. He says: "The '788' unknown country" appears to be a noise record on the tape file and has been corrected so that it should no longer appear."

One may hope that the Pentagon's computers do not also suffer from this electronic malaise.

Miracle of science

In an age of energy saving Jérôme Frechou, a 32-year-old Frenchman, certainly deserves the distinction bestowed upon him at the recent International Inventions Show in Geneva. Frechou, was awarded the Franco-Swiss Trade and Industry medal for designing a device for shelling hard-boiled eggs.

Let anyone is tempted to belittle this scientific advance, it must be pointed out that several million hard boiled eggs are shelled by hand every day

in restaurants and canteens all over the world. The French invention uses hydraulic energy to separate the egg from its shell. Over 2,000 eggs an hour can be shelled by this method.

Frechou says: "With mass eating becoming the lot of more and more of us this invention certainly has a future." The German market looks particularly promising for the eggsheller as the average German eats an annual 37 lbs of eggs—roughly 400—the world's record. This came the American, Japanese, Austrians and French. But the French are probably the biggest consumers of eggs in their hard-boiled form. Hard boiled eggs grace the counters in most French cafes and are a popular lunchtime snack. Last year the French downed 20bn eggs, many of them hard boiled.

Troubled waters

While a company in New York has taken the opportunity to start mass-producing an Ayatollah Khometni dashboard, Britain's own Transworld Publishers is busy mining the rich seams of the paranoxa market opened up by the Iranian revolution.

The Prophecies of Nostrodamus have just been reprinted in a handy, easy-reference pocket edition and fresh claims have been made for the 16th century neomancer, whose visions in a bowl of water are alleged to have included the Great Fire of London, both world wars, air travel, and the assassinations of John and Robert Kennedy.

Witchcraft being regarded as not quite the thing in the 18th century, Nostrodamus—it is said—deliberately confused the time sequence of his prophecies and also wrote in a style whose impenetrability European Commission staff might envy. This makes it possible to extract almost any meaning from the prophecies. Hitler, for instance,

conveniently saw his own victory foretold; to be on the safe side he also had forgeries dropped to separate the eggs from its shell.

But, as Nostrodamus' latest publishers say, "Rain, famine and war will not cease in Persia; too great a faith will betray the monarch" does sound like a fairly clear indication of something rum in the state of Iran. The quatrain continues, more obscurely, "Those actions started in France will end there; a secret sign for one to be sparing."

On the other hand, how about "The king enters Foix wearing a blue turban, he will reign for less than a revolution of Saturn. The king with the white turban, his heart banished to Byzantium, Sun, Mars and Mercury near Aquarius." An ungrammatical prediction of a hat-wearing Tory inflicting injury on a man last seen at Heathrow Airport?

No, according to Transworld's translators and interpreter this means the Russians will ally with America against Iran and the Muslim Empire. "This dates World War III as beginning on February 18, 1981," the publishers add confidently. Perhaps I should finally act on that advertisement for Co-op life insurance so thoughtfully placed between the pages of the edition of Nostrodamus I bought a few years ago.

Proof of pudding

An American surgeon lecturing medical students in Bristol just before Christmas was asked if he considered the operation he was describing was a valuable one.

"Valuable," demanded the surgeon, a little taken aback. "I raised five kids on it."

Observer

FAMOUS GROUSE
FINEST SCOTCH WHISKY
Mather, Gloag & Son Ltd., Perth, Scotland

The exception that could prove to be your rule.

Quality in an age of change.

Getting the third airport off the ground

By MICHAEL DONNE, Aerospace Correspondent

EARLY IN the New Year, the British Airports Authority plans to start extensive talks with Government departments, local authorities, airlines, and other organisations including British Rail, to discuss in detail the plan, announced before Christmas, to make Stansted in Essex the prospective third major airport for London.

The Government has taken a broad policy decision, abandoning any idea of developing a "green field" site, either inland or on the coast, and reverting instead to the original option of Stansted, first mooted as far back as 1964, and again in 1967, but eventually abandoned in 1971 in favour of Maplin. Thus, Stansted is the designated Government choice as the third major airport for London.

But it is one thing for any Government to take a policy decision and quite another to implement it. Decisions by any

particular Government over the issue of London's third airport have had the habit of being overturned by its successors. As a result, Stansted, and those living nearby, have been subjected to what many believe to be intolerable uncertainty over the future of their homes, and in the case of farmers in that area, even their livelihoods. The British Airports Authority, as the Government's designated owner and operator of State airports, which include Stansted as well as Heathrow and Gatwick, has been saddled with the task of making the latest Government policy decision work.

Whether that decision survives any longer than previous decisions by other Governments remains to be seen. The objectors will try to see that it does not, but many others, including the Authority, the air transport industry, much of Whitehall and many people who live in the area who want to see the airport go as a source of employment and prosperity, will try to see

that the plan does proceed.

The development of Stansted is expected to be conducted in stages, each of which is likely to involve major public planning inquiries, so that Stansted is unlikely ever to become a major airport without running the gauntlet of environmental and other objections.

The first stage of the proposed development is likely to be relatively easy. The Airports Authority may decide, perhaps by the provision of temporary accommodation, to expand the existing use of the airport from 300,000 passengers a year to, say, 1m or more, which it is probably able to do without seeking additional planning permission.

Secondly, and much more complicated, the authority will have to draw up a detailed "statement of case" for the further development of Stansted to 15m passengers a year by the early 1990s, involving the acquisition of another 1,500 acres of land and the construction of a massive new terminal on the southern side of the existing runway. It must be sited to fit eventually into the much larger complex of four terminals that will be needed if the airport expands to 25m and then to 50m passengers a year.

This statement of case will have to be prepared in meticulous detail, for submission to the relevant local authorities as part of the Airports Authority's application for planning permission for the first new main terminal, probably in the autumn of 1980. This application is then certain to be "called in" by the Department of the Environment and the Government's promised public inquiry instituted, probably starting in the spring of 1981, and leading through most of that year. It is at that inquiry that the real "battle of Stansted" will be fought all over again, and already the environmental groups around the airport have given notice that it will be a tough and even bloody fight.

After several months of deliberation, probably by early 1982, the Government will have to decide whether to accept or reject the report of the Inspector at the public inquiry. It seems inconceivable that the Government which has now decided in favour of developing Stansted could turn round in 1982 and pronounce against it, unless there had been in the meantime a dramatic downturn in the country's economic fortunes and a slump in the air transport industry, severely reducing demand for air travel

and any need for new airport facilities.

But there have been so many reversals of airports policy in the past twenty years or so that it would be foolish to predict the outcome of either the public inquiry or the response to it of the Government. It is enough to suggest that the Airports Authority is alert to the possibilities, and will make its "statement of case" the strongest that has yet been presented for any new airport development anywhere in this country.

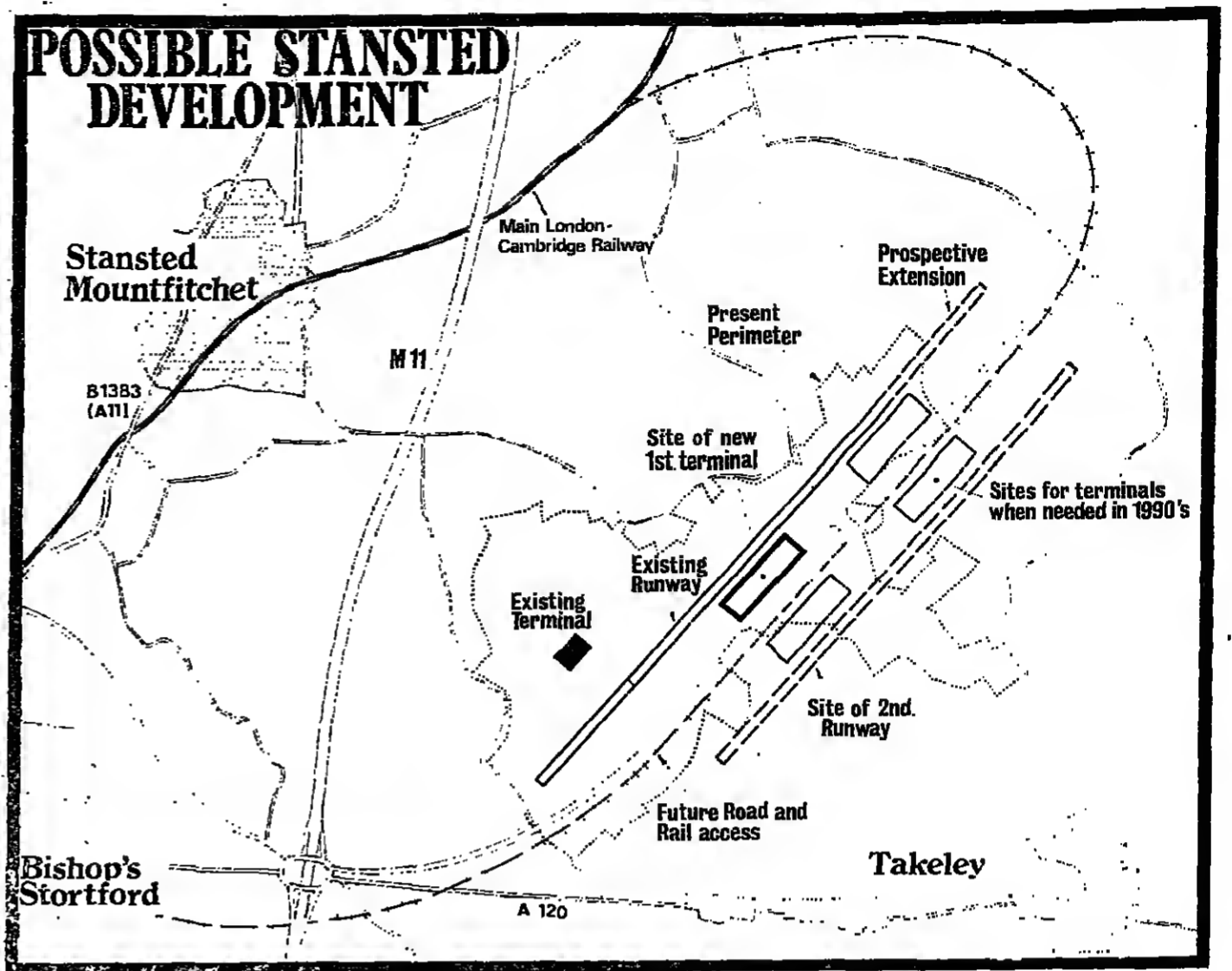
But the statement of case will also have to go further than just seeking to develop Stansted to 15m passengers a year. It will probably also have to argue, at least to some extent, in favour of the Government's own long-term option to extend the airport further to 25m passengers a year with a second runway, and then perhaps further to 50m passengers a year—although no one in the Airports Authority expects the latter to be necessary until well into the 1990s.

But the Authority, for example, will at least have to outline its plans to acquire the additional 2,500 acres of land that the Government believes to be necessary to "safeguard" this longer term development option—that is, to ensure that the land is not added in the interim for other purposes, such as housing or even light industry, that would pre-empt any further expansion of Stansted in the 1990s.

At the same time, no matter whether the airport eventually handles 15m or 50m passengers, certain basic requirements must be met. These include long-term road access improvements, with the possibility of a spur into the airport off the M11 motorway, and perhaps a rail link with the existing London-Cambridge railway line.

The Authority will also have to consider such matters as electricity and water supplies, sewage disposal, the demolition of some streams, the diversion of some streams, the possible extension of the existing runway beyond 3,000 metres, the removal of the existing cargo area south of the runway to a new permanent site (its present location is roughly where the first major passenger terminal will be), the provision of maintenance bases, and other facilities—all of which will be needed, whether the airport handles 15m or 50m passengers a year.

The size of the planning task is thus immense—and it must



all be done before the public inquiry begins, for it is certain that these are details that environmental objectors will press for strongly. This planning burden, coming at the same time as the Authority is engaged in the development of the newly-approved fourth passenger terminal for Heathrow, and in the public inquiry into the proposed second terminal at Gatwick (which starts in the New Year) will tax the Authority's resources severely.

It will also tax it financially. The Authority expects to have to invest at least £100m a year in these new developments through to the mid-1980s, and it is clear that this money will have to be found largely from its internal resources—which means that it will pass the burden on to airlines and to passengers through higher landing fees and other charges. Just how these higher charges will

London once again—that Stansted is the "expansion chamber" that will be used in the 1990s when Heathrow, even with its fourth terminal, is at its ceiling of 38m passengers a year, and Gatwick, with its second terminal, is at its own peak of 25m, while Luton will be hovering between 3m and 5m.

Many local residents do not like this. The Stansted area is by any standards a pleasantly rural one, still comparatively peaceful although the airfield has been there for the best part of 40 years. Some of the protesters moved into the area well after the airfield was built. Some of them own land that the Airports Authority will seek to acquire, and they will be worried about the price they will get. Others will be worried about the inevitable change in the area's character that will

follow the expansion of the airport, as has happened around Gatwick, south of London. In addition to the land needed directly for the airport itself more will need to be taken for houses, roads, schools, hospitals and all the amenities that must go with a community of perhaps 250,000. From which the airport will draw the several thousand workers it will need.

But against the voices of the protesters must also be set those of many others who welcome the development of the airport because of the benefits it will bring in terms of more jobs at better pay, together with the improved business that it will generate throughout the area. The environmentalists may be more articulate and more skilled in making their protests. But the others have an equally strong case, which must also be carefully weighed in the balance when the public inquiry is held.

THE STANSTED SAGA

- 1942-43 Stansted built as U.S.A.F. operational bomber base and maintenance base.
- 1946 U.S.A.F. withdraws and first civil operator (London Aero Motor Services) moves in.
- 1948 Minister of Civil Aviation approves Stansted as charter airport, and civil diversionary airport for London area.
- 1949 Stansted transferred from Air Ministry to Ministry of Civil Aviation.
- 1953 White Paper proposes Gatwick as main alternative to Heathrow with Stansted in reserve.
- 1954-56 U.S.A.F. moves back to use Stansted as troop base; runway lengthened to 10,000 feet (over 3,000 metres).
- 1961 Inter-departmental committee set up to consider airports policy for London and South East.
- 1964 Committee selects Stansted out of 18 sites and this is approved by Government.
- 1965 Public inquiry into local objections to Stansted.
- 1967 Inspector rejects Stansted.
- 1967 White Paper on Third London Airport reaffirms Stansted as a four-runway airport.
- 1968 Government appoints Roskill Commission on Third Airport.
- 1971 Roskill recommends Cudington (Vale of Aylesbury) but Government rejects this in favour of Maplin.
- 1971-74 Initial work on Maplin plan, with Maplin Development Authority set up.
- 1974 Labour Government cancels Maplin on cost grounds in wake of oil and economic crisis.
- 1978 White Paper on Airports Policy suggests new study of options, including Stansted and Maplin.
- 1978 South East Airports Study Group and Advisory Committee on Airports Policy both set up.
- 1978 Study Group suggests six short-listed sites, including Maplin and Stansted, for further study.
- 1979 After studying reports from both bodies, Government readopts Stansted as third airport.
- 1980 Public inquiry into Stansted plan is expected to be held.

Letters to the Editor

The technology game

From the Managing Director, GEC

Sir—On December 11 you published an article by Christopher Lorenz under the title "Why the City must learn the rules of the 'technology game'" which contains some irrelevant and inaccurate comment about GEC in purported illustration of his thesis that one in the City understands anything about the relationship between the strength of a company and technology. There are apparently some exceptions to this rule, of which, of course, Mr. Lorenz is one.

Mr. Lorenz's proposition is that product innovation is intrinsically good. The simple truth is that good innovation is good and bad innovation is bad, and in certain cases can be ruinous to the company which engages in the "technology game."

One may ask does Concorde, does the sale of Rolls-Royce, support his argument? It is crucial in innovation to distinguish between the "good" new products which will be wanted at remunerative prices, and the "bad" ones which will not; that means knowing the market and having the financial and technological strength to make the necessary changes to meet its needs.

It does not mean wasting money on inventing products which meet no need, or are uneconomic in resource consumption, or are simply uncompetitive with similar products already available.

Whereas GEC fits into Mr. Lorenz's argument by no means clear. He says: "GEC's proven ability to develop successful new products is extremely patchy, varying markedly from one division to another." It does indeed vary markedly from one division to another and it would be most surprising if it did not, since GEC's business varies markedly from one division to another. Anyway, what generic yardstick does Mr. Lorenz have for measuring the relative patchiness of product development?

Cutting money Growth

From the Director of Research, City University Centre for Banking and International Finance.

Sir—Mr. Allan Clark, MP, is right to suggest that his party's recent attempts to reduce monetary growth have been not only unconvincing, but also wrong to suggest that its counter-inflationary objectives imply a lack of concern about the health of the real economy, and that a cure can be found in protectionism.

Material living standards should not suffer, even temporarily, as the rate of monetary expansion falls, so long as this deceleration is mad known in advance to unions and businesses through the dissemination of credible monetary targets.

The long run real living standards should if anything be raised by greater stability in the value of money. The present Government is not, then, pursuing irrelevant or un-realistic policies. Mr. Clark's misgivings over fluctuating interest rates and conflicting monetary indicators are valid criticisms not of the Government's monetarism but of its failure to reform the haphazard techniques by which it persists in trying to control monetary growth.

Even if inflation is successfully reduced, this will not solve the problem of slow productivity growth in the real economy. Nor will protectionism, whether packaged as "managed trade" or (as Mr. Clark quaintly puts it) "economic positivism."

Petrified, not 'metrified'

From Mr. R. J. M. Farrell

Sir—The media seem obsessed with Britain's ever accelerating industrial and economic decline. Blame is attributed frequently to union militancy, shortage of high quality engineers, excessive public expenditure and high taxation. Italy has just as much union militancy; France is just as short of design engineers as we are; West Germany spends a fortune on social welfare and Sweden is "oppressed" by high aggressive taxation.

None of these countries is bequeathed with significant natural energy supplies, and yet they all produce technically advanced industrial products in worldwide demand.

Britain is virtually self sufficient in energy—oil, coal and natural gas, and also benefits from political stability and relatively low salaries and wages. Yet incredibly Britain is sliding ever faster into industrial oblivion. British Steel has to cut itself in half because it can only sell 15m tonnes of steel out of a capacity of 30m tonnes per annum.

Why, because Britain makes only half the cars, machines, tools, washing machines, trucks and tractors that it could. Italy, France, West Germany, Sweden, and for that matter, Switzerland, Denmark, Japan and most of the rest of the world are metric in thought, word and deed.

South Africans in Rhodesia

From Mr. Len Clarke

Sir—British trade links with black Africa have already suffered considerably at times from our Government's scanty hidden preference for white minority rule in southern Africa, coupled with a basic insensitivity to black African rights and feelings, and even to simple justice.

For only a few days ago it was the same Lord Soames—official representative of the British Government and Crown—who agreed to the instant arrest, conviction and punishment of certain black civilian British subjects in Rhodesia for the "crime" of opening a political office a couple of days too early.

The message to black Africa is thus crystal clear. Our British Government's attitudes, both racial and political, in southern Africa are that the most minor misdemeanours by black British subjects are to be met by instant arrest and punishment; but that an illegal invasion of British territory by the armed forces of a foreign, racist police state are, at least for the present, to be ignored.

Appalling as such a state of affairs no doubt is, there does seem however to be a precedent. For there is not a striking similarity here to Britain's abject surrender to a country with similar ideologies to South Africa, when that country in 1938-39 marched its troops into part of Czechoslovakia, and then took that small nation over, to the defensing silence of British appeasement? And was that not a factor in Czechoslovakia today being communist?

Companies and Markets

UK COMPANY NEWS

BIDS AND DEALS

MINING NEWS

Vectis Stone advances 25% to record £0.68m

AS ANTICIPATED at the interim stage, 1978-79 profits of Vectis Stone Group showed an increase over the previous year. Taxable surplus of the building products and services and fuel distribution group rose by 25 per cent from £539,000 to a record £876,000 for the year ended September 30, 1979, with £250,000 against £205,000 coming in the first half.

With stated yearly earnings per 10p share increased from an adjusted 3.07p to 4.06p, the net dividend total is effectively lifted by 75 per cent to 1.45p (equivalent 0.8285p).

Turnover from activities in the building and construction industry went ahead from £2.66m to £3.52m. Operating remuneration from fuel distribution, including a full 12 months contribution from Celtic Oil Supplies, increased from £0.7m to £1.22m on invoiced sales of £15.03m (£11.47m).

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Correlation, Total last year, Total this year. Includes Vectis Stone and Hampton Gold Mining.

Mr. J. A. K. Collins, chairman, says that with the exception of civil engineering which had a difficult year, all sections of the building and construction division performed well during the period.

With the proposed acquisition of Columbia Products helping further to diversify interests, Mr. Collins says the group is soundly based for a period of continued steady growth.

Thermo-Skyships waits on final cheque to achieve target

THE SUCCESS or failure of an attempt to raise £3.2m for Thermo-Skyships, the late of aerospace company, hangs on the receipt of a cheque which would bring subscriptions above the minimum £1.4m required for the financing scheme to go ahead.

Hargreaves, of stockbrokers John Siddall, said there is "just hope" that the cheque will be received by today's 3 pm deadline.

This is the second attempt to raise funds from the public for Thermo-Skyships, which is planning to build an airship for commercial use.

IN PARLIAMENT SESSION 1979-80

STANDARD LIFE ASSURANCE COMPANY NOTICE IS HEREBY GIVEN THAT A SPECIAL GENERAL MEETING OF THE MEMBERS OF THE STANDARD LIFE ASSURANCE COMPANY will be held at Three George Street Edinburgh, on Tuesday the twenty-second January 1980 at 2.30 p.m. at which in compliance with the Standing Orders of Parliament relating to Private Business the Bill for which a Petition was presented to Parliament on or before 27th November 1979 with the following long title:—

London Life raises bonus but Natl. Mutual cuts

TWO MORE life companies have announced changes in their terminal bonus rates applicable to with profit contracts which mature or vest or become death claims on or after January 1, 1980.

has risen since the previous review made in the middle of 1979, though capital values have fallen over the final six months of this year. The annual reversionary bonus declaration will be made next March.

"A Bill to authorise The Standard Life Assurance Company to carry on business in Canada under a French name; and for other purposes."

On this method, the average terminal bonus two years ago, and it bases this rate on the average of the capital performance of its investments over the previous two years, thus introducing an element of smoothing.

After a tax credit of £43,000 (£39,098) and an extraordinary credit of £14,952 (£17,778) debit relating mainly to the attributable surplus emerges at £204,158 (£255,550 loss). Earnings per 25p ordinary share are shown as 2.08p (0.25p loss) for the extraordinary items, and 4.78p (13.7p loss) after.

J. Hewitt & Son (Fenton) Limited. AUTHORIZED AND ISSUED 260,000 10% Cumulative Preference Shares of £1 each. The Council of the Stock Exchange has admitted to the Official List the 260,000 10% Cumulative Preference Shares of £1 each.

Table with columns: Company, Price, Change, Dividend, Yield, P/E. Includes Airtrung Group, Armilla and Rhodes, Bardon Hill, etc.

Table with columns: Company, Price, Change, Dividend, Yield, P/E. Includes Banco Bilbao, Banco Central, Banco Exterior, etc.

Table with columns: Company, Price, Change, Dividend, Yield, P/E. Includes Banco Bilbao, Banco Exterior, Banco Hispano, etc.

Table with columns: Company, Price, Change, Dividend, Yield, P/E. Includes Banco Bilbao, Banco Exterior, Banco Hispano, etc.

Table with columns: Company, Price, Change, Dividend, Yield, P/E. Includes Banco Bilbao, Banco Exterior, Banco Hispano, etc.

Booker looking to expand food wholesaling business

BY REG VAUGHAN

Booker McCoolnell, the international food, engineering and trading group, is talking food distribution subsidiary of BAT Industries, about buying Kearey and Tonge, international's food wholesaling business.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are expected to be paid or not.

Kearey along with International Stores in 1972. In May this year BAT bought the Argos discount stores for £35m and shortly afterwards paid £25m for the Mac Markets supermarket chain.

Turismo has 50.2% of FAGS

The offer by Turismo E Inmobiliaria Bio-Blo for Antofagasta (Chili) and Bolivia Railway Co. has received acceptance in respect of £206,676 of the ordinary stock and £11,914 of the preference.

Highland strongly opposed to Hiram Walker offer

Highland Distilleries, the Scotch whisky group well known for the "Famous Grouse" brand, is planning its formal rejection of a \$30m takeover bid by Hiram Walker-Gooderham and Co.

of 130p per share represents a multiple of nearly 17 times Highland's earnings for the year ended August 31, 1978—over 30 times if a full tax charge is assumed," the document explains.

Mr. Hatch adds that Highland cannot determine the level of dividend, nor has it any effective rights in the assets of Robertson and Baxter.

Seafield Gentex in profit

AFTER FOUR years of losses, Irish textile manufacturer Seafield Gentex reports a turnaround to a pre-tax surplus of £5,243 for the 12 months to September 28, 1979, compared to a £48,572 deficit last time.

Eagle Star forms HK subsidiary

Eagle Star Insurance Company, a member of Eagle Star Holdings, has formed a new Far Eastern insurance company—the Asian Eagle Insurance Company—based in Hong Kong.

RTZ group signs a new Malaysian tin deal

A NEW tin mining deal in Malaysia has been signed by the RTZ group to develop the Rio Tinto Malaysia which is wholly owned by Conzinc Rio Tinto of Australia. CRM has formed a joint venture company with a Pahang State Government agency to mine 3,000 acres of tin land in the state.

IBA seeks additional £86,000 from Radio Clyde

THE CONTINUING success of Radio Clyde has meant an increase in its financial commitments to the IBA. The Authority has asked for an additional £86,000, making £230,000 annually, for primary rental.

At a time when Radio Clyde looks as though it might not reach its targets for the financial year, the ITV strike produced an unexpected increase in revenue in September and effectively cancelled out the earlier losses.

The formation of this new company represents a move by Eagle Star to expand its involvement in the Far East, with particular emphasis on business in Hong Kong, Singapore, Malaysia and Indonesia.

Table with columns: Company, Price, Change, Dividend, Yield, P/E. Includes Banco Bilbao, Banco Exterior, Banco Hispano, etc.

Table with columns: Company, Price, Change, Dividend, Yield, P/E. Includes Banco Bilbao, Banco Exterior, Banco Hispano, etc.

Table with columns: Company, Price, Change, Dividend, Yield, P/E. Includes Banco Bilbao, Banco Exterior, Banco Hispano, etc.

BANK RETURN

Table with columns: Monday Dec. 24 1979, Increase (+) or Decrease (-) for week.

BANKING DEPARTMENT

Table with columns: Liabilities, Assets, Government Securities, Advances & Other Accounts, etc.

ISSUE DEPARTMENT

Table with columns: Liabilities, Notes Issued, Government Securities, Advances & Other Accounts, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Jan., Last, Vol., April, Last, Vol., July, Last, Stock.

Nickel rescues Hampton Areas

BY KENNETH MARSTON, MINING EDITOR

THE UK-registered Hampton Nickel Areas must now be very glad that in July it decided where it would sell its royalties on part of Western Mining's Australian nickel production to Colonial Mutual Life Assurance.

These royalties, which are based on the realisable value of nickel sales rather than profits of the mining operations, are responsible for the advance in Hampton Areas' net profits for the six months to September 30. They amount to £252,000 before an extraordinary debit of £83,000 compared with £103,000 a year ago and the total for the 12 months to March 31 of £566,000.

New silver operations

MEXICO'S Minera Esmeraldas, which is 25 per cent owned by Canada's Fluor Development, is to take production of its silver-lead-zinc property in the State of Zacatecas. According to Fluor, a \$150m project still has to be arranged.

comment

Apart from the uncertainty over the investment in Northampton Lead, a good year in prospect for Hampton Areas. Earnings for the second half should show a further substantial increase in line with

comment

Production is expected to start in 1982. It will be at a projected annual rate of 225 tonnes silver and 32,000 tonnes of lead in concentrate plus 26,000 tonnes zinc and 415 tonnes cadmium in a second concentrate.

comment

Also encouraged by the high price of silver, four U.S. companies plan to reopen Consolidated Silver Corporation's Summit mine near Osborn, Idaho. Partners in the U.S. venture are

RTZ group signs a new Malaysian tin deal

A NEW tin mining deal in Malaysia has been signed by the RTZ group to develop the Rio Tinto Malaysia which is wholly owned by Conzinc Rio Tinto of Australia. CRM has formed a joint venture company with a Pahang State Government agency to mine 3,000 acres of tin land in the state.

agreed to pay Consolidated Gold Fields of Australia A\$19.17m (19.1m) for the 64.32 per cent stake in Belambai and to make a similar offer to minority interests. Belambai already has an interest in the coal company and purchase of the CGFA stake which gave it and Shell a joint 70 per cent of Belambai's issued capital.

comment

China has completed construction of two large gold mines in coastal Shandong Province about 300 kilometres south of Peking. The official Chinese news agency reports: "The first phase projects of the Jiaojiaji and Xincheng gold mines baffle 500 tons of ore daily, it said. The mines were discovered at the end of the 1960s and construction was begun in 1975 and 1976 respectively. The two companies

ROUND-UP

The joint bid by Shell of Australia and shipping group McEwen Minerals to acquire the 100 per cent of the North Queensland tin mine, South Crofty. Yesterday it announced that its holding had increased from 55.5 per cent to 55.4 per cent.

SOUTH CROFTY

South Crofty, the troubled mining group which is the subject of a Department of Trade investigation, continues to increase its stake in fellow Cornish tin miner, South Crofty. Yesterday it announced that its holding had increased from 55.5 per cent to 55.4 per cent.

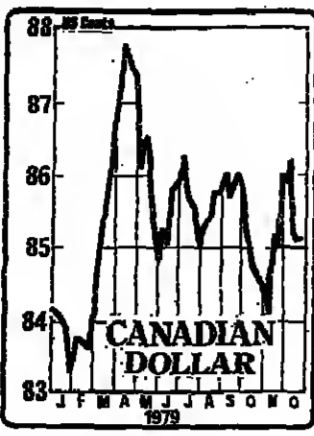
BASE LENDING RATES

Table with columns: Bank, Rate, Bank, Rate. Includes A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

CURRENCIES, MONEY and GOLD

Dollar weak, pound firm

THE DOLLAR came under selling pressure in the trading after the Christmas holiday, while the main influence was commercial business for book gazing ahead of the year end.



STERLING was very strong, rising to its highest level since mid-September. The trade-weighted index, as calculated by the Bank of England, rose to 70.5 from 69.3, after standing at 70.2 at noon and 69.9 in the morning.

COPENHAGEN—The Danish krone eased slightly against the most members of the European Monetary System, but improved against the dollar, Japanese yen and Norwegian krone.

MILAN—The dollar fell to L504.70 from L507.10 against the lira at the fixing on Tuesday and Wednesday. Sterling declined to L1,792 from L1,781.50, hit the Swiss franc rose to L507.25 from L503.50.

Outside the EMS sterling rose to Dkr 1,188.55 from Dkr 1,182.70, while the dollar fell to Dkr 535.10 from Dkr 535.50. The Swedish krona improved to Dkr 1,288.7 from Dkr 1,284.7, but the Norwegian krone eased to Dkr 1,074.5 from Dkr 1,075.0.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies including Belgian Franc, German D-Mark, French Franc, Dutch Guilder, Irish Punt, and Italian Lira.

EXCHANGE CROSS RATES

Table showing exchange cross rates for Pound Sterling, U.S. Dollar, Deutschmark, Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, and Belgian Franc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and terms, including Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, and Japanese Yen.

INTERNATIONAL MONEY MARKET

Trading was predictably quiet on the first day after the Christmas break, and interest rates in Europe showed little overall movement. The one exception was the rate on German short-term funds, which fell to 10.04 per cent, call money quoted at 10.04 per cent, sharply higher than 8.70-8.80 per cent last Friday.

PARIS—Trading was extremely quiet and interest rates showed little movement. Call money was quoted at 12 per cent, unchanged from previously, with one-month funds steady at 12-12 1/2 per cent. The three-month rate edged lower to 12 1/2-12 3/4 per cent from 12 3/4-13 per cent and the 12-month rate was down at 12 1/2-12 3/4 per cent from 12 3/4-13 per cent.

NEW YORK — U.S. Treasury

Table showing U.S. Treasury money rates for New York, including Prime Rate, Fed. Funds, Treasury Bills (13-week), and Treasury Bills (28-week).

GERMANY

Table showing German money rates, including Discount Rate, Overnight Rate, One month, Three months, and Six months.

FRANCE

Table showing French money rates, including Discount Rate, Overnight Rate, One month, Three months, and Six months.

JAPAN

Table showing Japanese money rates, including Discount Rate, Call (Three-month), and Bills (Three-month).

THE POUND SPOT AND FORWARD

Table showing the Pound Spot and Forward rates for various countries including U.S., Canada, Netherlands, Belgium, Denmark, Ireland, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, and Swiss.

THE DOLLAR SPOT AND FORWARD

Table showing the Dollar Spot and Forward rates for various countries including U.K., Ireland, Netherlands, Belgium, Denmark, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, and Swiss.

CURRENCY RATES

Table showing currency rates for various currencies including Sterling, U.S. Dollar, Canadian Dollar, Deutschmark, Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Norwegian Kr., Spanish Ptas., and Swiss Fr.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies including Sterling, U.S. Dollar, Canadian Dollar, Deutschmark, Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Norwegian Kr., Spanish Ptas., and Swiss Fr.

OTHER MARKETS

Table showing other market rates for various currencies including Argentina Peso, Australia Dollar, Brazil Cruzeiro, Finland Markka, Greek Drachma, Hong Kong Dollar, Iran Rial, Kuwait Dinar, Luxembourg Fr., Malaysia Dollar, New Zealand Dlr., Saudi Arab. Riyal, Singapore Dollar, and Sth. African Rand.

Gold

Gold rose above the \$300 level in very thin trading, with several London dealers hardly involved in the market, which effectively closed soon after lunch at \$310.50—a rise of \$23; from Monday. There was no afternoon fixing, but the metal was fixed at \$308.75 in the morning.

Continued rise

After London closed the price continued to advance in New York, touching \$315.20. In Paris the 12 1/2 kilo gold bar was fixed at DM 69,000 per kilo (\$333.13 per ounce), compared with FF 68,100 (\$323.98) in the morning and FF 64,500 (\$309.63) Wednesday afternoon. In Frankfurt the 12 1/2 kilo bar was fixed at DM 28,210 per kilo (\$308.96 per ounce) compared with DM 26,600 (\$374.95) previously.

UK MONEY MARKET

Bank of England Minimum Lending Rate 11 per cent (since November 15, 1979). Day-to-day credit was in good supply in the London money market yesterday, and the authorities mopped up the surplus by selling a small amount of Treasury bills direct to the discount houses. The latter were paying around 15 1/2 per cent for secured call loans at the start, and later balances taken between 15 per cent and 16 per cent, with trading finishing around mid-day.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms, including Sterling, Local Authority deposits, Finance House deposits, Discount Deposits, Treasury Bills, and Fine Trade Bills.

Advertisement for S.A. CROS US \$ 25,000,000 Floating Rate Multicurrency Loan. Managed by BANCO DE SANTANDER, BANK OF AMERICA, S. A. E., CAJA DE PENSIONES PARA LA VEJEZ Y DE AHORROS DE CATALUÑA Y BALEARES (LA CAIXA). Provided by Banco de Santander - Bank of America, S. A. E. November, 1979.

Advertisement for CHILE — INTERNATIONAL BID. For sale, on orders of the rightful owners, to any local or international interested party or parties, all or part of their holdings and rights in the Chilean business concerns indicated below, up to the percentages shown: WAGNER, STEIN Y CIA S.A.C. VINICOLA Y COMERCIAL 84.3%, VINOS DE CHILE S.A. "VINEX" 100.0%, VINOS SAN PEDRO S.A. 100.0%, BODEGA Y VINA ERRAZURIZ PANQUEHUE LTDA 100.0%, LICORES Y PRODUCTOS DESPOUY S.S.C. 74.14%.

Advertisement for BANKER RESEARCH UNIT. The Banker Research Unit, a subsidiary of Financial Times Business Publishing Limited, is a specialist publishing house in the field of banking and finance. Information researched both by the unit and by outside experts is published in the form of banking studies, directories and subscription services. A complete list of these is available upon request.

Advertisement for EURO BONDS. The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published in an eight-page format on the following dates: January 14, February 17, March 10, April 14, May 12, June 11.

INTERNATIONAL COMPANIES and FINANCE

SOUTH AFRICAN BUSINESS

The Afrikaner challenge

BY BERNARD SIMON IN JOHANNESBURG

THE WEEK before Christmas was one to remember on the Johannesburg Stock Exchange.

Geomim is not sitting still. It recently bought a 10 per cent stake in South Africa's second biggest chemicals producer, Sentrachem.

assured, Sanlam, as well as powerful food, construction and motor companies. The South African operations of household names like Avis, Toyota, Honda and Massey Ferguson are part of Afrikaner-dominated groups.

Board is half English, half Afrikaans, but its management is mainly English-speaking. No one is quite sure into which pigeonhole the country's fourth largest bank, Nedbank, fits.

The bid by General Mining for the 49 per cent of Union Corporation which it does not already own seems to confirm the trend of Afrikaner-dominated groups looking for a bigger share in commerce and industry in South Africa—to give Afrikaners as great a say in business as they have in politics

Although the Afrikaner-dominated Genmin says that the English-oriented Unicar will continue to operate as a separate company, the takeover is another milestone in the efforts of Afrikaans-speaking South Africans to match their dominance in the country's politics with a higher profile in commerce and industry.

joint production of coal-based petrochemicals is expected early in 1980.

Moreover, Genmin is frequently mentioned as the mystery buyer of Consolidated Gold Fields shares. If he does tuck Gold Fields under his belt, Genmin's hard-driving chairman, Dr. Wim de Villiers, will certainly be able to challenge Mr. Harry Oppenheimer as the leader of South Africa's gold mining industry.

As a result of the commission's work a new anti-trust law, called the Maintenance and Promotion of Competition Act, comes into force on January 1. Besides prescribing heavier penalties for companies engaging in restrictive business practices, the Act gives the Government the new power of vetting mergers and acquisitions even before they take place.

Philips to shed more jobs in cable sector

BY Charles Batchelor in Amsterdam

PHILIPS, the Dteb electrical group, plans further cuts in its cable division in the Netherlands. The company intends to shed nearly 300 jobs, amounting to more than a quarter of the workforce at its Draka Kabel subsidiary in Amsterdam and Eindhoven.

Increasing competition and full markets are the reason for the cost-cutting measures, said Draka, which is part of Philips' NKF cable division. It plans to employ fewer, more specialised staff, dispose of unwanted machinery and factory space and streamline its administration.

Coupon lifted to 12% on French state loan

BY TERRY DODSWORTH IN PARIS

THE FRENCH Treasury has underlined the steady rise in interest rates in France by lifting the coupon on the state loan it is intending to issue in late January to 12 per cent.

This figure compares with a rate of 10.8 per cent on the last issue floated in September, and 9 per cent on the first loan of last year in April.

While the official deficit target for 1980 has been set at FFR 31bn, it is expected that it may slip to about FFR 50bn.

Dollar price setback for LKAB

BY WILLIAM DULLFORCE IN STOCKHOLM

IMPROVEMENT of only some 25 per cent compared with the 37 per cent required to put it into the black, according to Mr. Johansson.

The state company turned in a profit of SKr 620m (\$146m) in 1977 and of SKr 675m in 1978. In October, Mr. Johansson forecast an operating loss after depreciation of about SKr 230m in 1979.

Next year, sales forecasts are set for 1980, for instance, if British Steel workers go on strike next month.

Sharon Steel to sue banks

DALLAS—Sharon Steel Corporation has filed suits against the Chase Manhattan Bank, Manufacturers Hanover Trust and U.S. Trust of New York, the trustees under indentures of \$150m of debt assumed in connection with its acquisition of UV Industries.

Alcan sees another peak year

MONTREAL — Alcan Aluminium expects to report higher fourth quarter earnings than in the year-ago period, putting the company's net for the year at least 35 per cent above the record results of 1978, said Mr. David M. Culver, president and chief executive officer.

Nonetheless, only six of the top 25 industrial companies listed on the JSE can be roughly labelled as Afrikaans—two companies in the Rembrandt liquor and tobacco empire, Saffmarine (shipping), Dorbyl (engineering), Sentrachem (chemicals) and Triomf (fertilisers).

Concerning 1980, Alcan expects to sell all the metal we can produce. Alcan anticipates strong overseas sales next year, particularly in Australia and South-East Asia.

Ciba-Geigy sheds Sublistic stake

BY JOHN WICKS IN ZURICH

THE SWISS chemical company, Ciba-Geigy, of Basle, is to sell its minority stake in Sublistic Holding to the majority shareholder, Laimiere de Roubaix.

Sublistic Holding retains all its subsidiaries in the transfer printing field in Europe and Africa.

tric Verwiltung, has acquired the Swiss company, Camille Bauer - Messinstrume, which, a manufacturer of measurement and control equipment, The Ciba-Geigy company has also taken over the measurement and control technology division of the Basle wholesaler, Camille Bauer. In future it will be known as Camille Bauer-Mess- und Regeltechnik.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with multiple columns: U.S. DOLLAR STRAIGHTS (Alcoa, Alco, etc.), OTHER STRAIGHTS (Banco, etc.), DEUTSCHE MARK STRAIGHTS (African, etc.), SWISS FRANC STRAIGHTS (Argentin, etc.), CONVERTIBLE BONDS (Alfa, etc.), and YEN STRAIGHTS (Australia, etc.).

Asarco again boosts Bendix earnings

SOUTHFIELD—Bendix Corporation expects the profit for its fiscal first quarter to show a year-to-year gain, said Mr. William M. Asee, the chairman and chief executive officer.

As in the previous quarter ended September 30, said Mr. Asee, the company's first quarter earnings gain will be "entirely attributable to Asarco." Bendix now holds nearly a 21 per cent interest in Asarco, the non-ferrous metals group, and includes a portion of Asarco's results on an equity accounting basis.

For the year ending September 1980, Mr. Asee expects "another good year" but he did not give an estimate. The company plans \$180m in capital expenditure in 1980, as well as \$185m to \$170m in research and development work.

Advertisement for UNITED OVERSEAS BANK LIMITED (Incorporated in the Republic of Singapore) featuring U.S. \$25,000,000 Floating Rate Notes Due 1989 and information about their interest rates and terms.

Tracinda plan for options on 1m Columbia shares

LOS ANGELES — Tracinda Investment Corporation is considering a tender offer for call options, exercisable in about two years to buy 1m shares of Columbia Pictures Industries common stock.

Chrysler France loss

PARIS—Chrysler France, former French unit of Chrysler Corporation, has incurred a loss of FFR 91.5m (\$22.53m) in 1978, compared with a net profit of FFR 47m in 1977.

Advertisement for Century Power and Light Limited, a subsidiary company of Imperial Continental Gas Association, featuring a U.S. \$60,000,000 Medium Term Loan for development of the Maureen Field, arranged and provided by Midland Bank Limited and European Banking Company Limited.

Matsushita Electric to double capital spending

OSAKA — Matsushita Electric Industrial plans to more than double its capital outlays for plant and equipment in the 1980 business year started November 21, to ¥50bn (\$210m) from an estimated ¥23bn in the previous business year.

The increased fixed investments will aim at expanding the company's production of video tape recorders, electric refrigerators and other electric home appliances, as well as magnetic tapes.

Matsushita spent an estimated ¥70bn in the business year ended November 20 for research and development, and plans to spend a larger amount during the current business year to develop new products to match the changing needs of consumers, the company said.

Its capacity to produce home-use video tape recorders will increase to 85,000 sets a month in the middle of calendar 1980 from the present 70,000 sets.

The company will also expand the output of colour television sets by its U.S. subsidiary, Matsushita Industries Corporation, to about 60,000 sets a month in calendar 1980 from an estimated 50,000 sets in 1979, while its production of electronic cooking ranges will rise to 5,000/6,000 sets a month from 2,000/3,000 sets.

Downturn at United Malacca

BY WONG SULONG IN KUALA LUMPUR

UNITED MALACCA ESTATES, the publicly-quoted group controlled by the family of the chairman of Sime Darby, Tun Tan Siew Sin, has reported a disappointing half year, owing to shortfalls in production.

Pre-tax profit for the six months ended October was 2.65m ringgit (\$1.22m) or 38 per cent less than the 4.27m ringgit achieved previously.

The previous profit included a gain of 1.57m ringgit from the sale of Consolidated Plantation shares, but even if this amount was not included, the interim results of the current year would still be 2 per cent lower than the comparable previous half.

According to Tun Tan, rubber and oil palm production for the current year is expected to be 2.5 per cent and 3 per cent respectively below the budgeted figures.

The group is still awaiting approval from the Malacca State Government for building an oil palm mill, a project which is expected to contribute substantially to profitability.

United Malacca is maintaining its interim dividend of 8 per cent.

Malayan Cement Berhad, a member of the Blue Circle Group, has reported that its pre-tax profits for the year ended October was 18 per cent higher at 8.28m ringgit. This result

comes after several years of depressed profits.

For the first time, this year's profit included a dividend of 2m ringgits from its wholly-owned Singapore subsidiary, Cement Marketing Company.

The outlook for the group appears to be encouraging, after the Malaysian Government's approval last August of a hefty price increase for cement, although the group said the rise came too late to have any significant effect on the 1979 results.

A 12.5 per cent dividend is declared making 22.5 per cent for the year—the same as previously.

Israeli bank to distribute new shares

BY L. DANIEL IN TEL AVIV

DISTRIBUTION OF new shares at the rate of 40 per cent was decided upon at extraordinary general meetings of Israel Discount Bank and of its holding company, Israel Discount Bank Holding (IDBH). Stockholders will receive shares of the same class now held. Holders of convertible preference shares and capital note options will receive the benefit of the distribution in the form of ordinary shares upon conversion of the preference shares and options.

Allocation will take place on February 1, 1980, to holders of record at the close of business on January 18, 1980. Shares will be traded on the Tel Aviv exchange ex-bonus from January 20.

Following distribution of the new shares, holders of the IDBH preference shares will receive, upon conversion, 4,4625 ordinary shares instead of 3,1875 at present, and those of Preference "A" shares 5,8333 ordinary shares—4,1667 at present.

The meetings also decided to increase the authorised share capital of IDBH by 1.1bn and of Israel Discount Bank by 1.5bn.

Citibank strengthens Asian activities

TOKYO — Citibank's Asian representatives are being given more discretion to make business decisions on the spot under a reorganisation that takes effect next week.

"Except for our annual budget, nothing will have to be passed on to New York for approval," said Mr. Richard L. Huber, the bank's senior officer in Japan and the head of a newly-created North and East Asia division. The unit will be in charge of institutional banking activities in Japan, South Korea, Guam, Hong Kong, the Philippines, China and Taiwan. The bank also has a division covering Australia and the rest of Southeast Asia.

The overhaul is intended to shorten Citibank's chain of command, particularly in institutional lending, which comprises the major segment of its Asian business. While the full extent of the changes has yet to be disclosed, the moves may make Citibank more competitive in the expanding Asian market.

Citibank's changes in Asia somewhat parallel decentralisation moves by its strongest U.S. rival, Bank of America.

NZ Steel expansion plan

By Dai Hayward in Wellington

NEW ZEALAND Steel Ltd. is having talks with the government regarding the setting up of ferro-silicon industries worth \$NZ 100m (U.S.\$ 98.67m). NZ Steel wants special long-term pricing agreement on government supplied electricity before going ahead.

The industry is scheduled for Southland which is rich in ferro-silicon gravel, the ferro-silicon would have 25 per cent iron and 75 per cent silicon content. The export of up to 50,000 tonnes annually is forecast.

Saudi-Italian link

Al Rajhi, a leading Saudi Arabian holding group, has taken over a 50.6 per cent interest in Dal Vera SpA, of Conegliano, Veneto, through an investment of L12.3bn (\$15.2m), the company disclosed yesterday, reports AP.

SAN MIGUEL CORPORATION

A thirst for dollar funding

BY PHILIP BOWRING, RECENTLY IN MANILA

THE NAME may not be as well known to international beer fanciers as Guinness or Carlsberg. But if you get thirsty over a business deal in Hong Kong, on trek in the New Guinea highlands, waiting in a Manila traffic jam, or even on the Costa del Sol, the chances are that there will be a San Miguel beer close at hand.

Beer is the main business of San Miguel Corporation, a vertically integrated food and drink operation which is the largest manufacturing enterprise in the Philippines. International bankers judge it also to be very good business.

San Miguel has just arranged a US\$ 300m 12-year syndicated loan on terms that are at least as good as those being obtained by the Government of the Philippines. Interest is 0.75 per cent over the London inter-bank offered rate (Libor) for the first six years and 0.875 per cent for the second six. There is a five-year grace period, and the loan not guaranteed by any outside parties. It's by far the biggest unguaranteed dollar loan ever raised by a non-Government Philippine company, and among the largest ever made in Asian developing countries.

The syndicate is led by Bank of America subsidiary. There are six co-managers, including units of Lloyds Bank and Dresdner Bank. The loan is not without its controversial aspects at a time when the Philippines is facing severe balance of payments problems, which are forcing it to lean heavily on the International Monetary Fund.

Firstly, the loan has been structured to avoid an IMF-imposed annual ceiling on new commercial borrowing — currently US\$875m. The tenure is for fractionally over 12 years to take it outside the IMF ceiling

which applies only to loans of between one and 12 years.

This is not the first time that Philippine borrowers have found a way around the ceiling. But previous instances have not been so large, and have also been related to projects, which will generate foreign exchange. This loan will be entirely for San Miguel's domestic operations in the Philippines which create more imports than exports. Overseas operations, held through San Miguel International, the group's subsidiary in Hong Kong, are self-financing. They consist of breweries in Indonesia and Papua New

Guinea, 56 per cent of San Miguel Hong Kong, the Colony's sole and very profitable brewery, and an associate company in Spain, which has three breweries, including one in Malaga.

The new loan also has drawn criticism on the grounds that San Miguel is borrowing scarce dollars to finance growth which it ought to be able to fund from retained equity issues and peso borrowings.

It already has large dollar borrowings—a U.S. \$100m seven-year loan arranged in 1976 and a ten year U.S.\$130m one arranged last year. Not all of these have been drawn but San Miguel's debt-to-equity ratio has been rising steadily.

It was under one-to-one at the end of last year, when shareholders funds were 1.15bn pesos (\$157m). The ratio is now thought to be over 1.30 to one despite a rights issue earlier this year which raised 200m pesos. Local peso borrowings form only a small part of debt.

San Miguel is building a new brewery in the Philippines costing around \$50m, and generally expanding its soft drinks and processed foods and related activities. But the \$300m borrowing is not associated with any specific major new ventures. It is to take care of most additional external capital

expansion, and its dollar borrowings do not appear related to capital goods imports, but towards general fixed asset acquisition.

Retained earnings last year were 317m pesos, rather less than the 232m pesos increase in inventories and accounts receivable. Book depreciation added a further 73m pesos to cash flow but, according to the management, this was 45m pesos short of realistic replacement cost depreciation.

Critics argue that though San Miguel's profit performance looks satisfactory enough, it is inadequate for a company in an expanding economy and in an inflationary environment. Philippines inflation, running at close to 20 per cent, demands big annual increases in working capital, eating up internally generated funds. The critics suggest that San Miguel is in fact rather typical of the Philippines economy as a whole, with ambitious capital investment goals but very inadequate domestic savings.

San Miguel's size and reputation makes it easier to cope with the resultant problems. It can borrow dollars long term. Long term peso funds are harder to find—again because of inadequate savings—and normally are very much more expensive than dollars.

Some of the Government's own projects to set up capital intensive, import substituting basic industries are currently being held back specifically by the IMF's borrowing restraints. Critics of the San Miguel loan within the Government, as well as outside, are asking why a non-essential, non-export industry should be allowed by the Central Bank to borrow scarce dollars other than for essential equipment imports.

needs for the next three and a half years—the period over which the loan will be drawn down. The company aims not to let the debt-equity ratio rise above 1.5 to one. Bankers are happy enough lending even this big sum to a company in a stable industry and with a good growth and management record.

Profits have risen every year but one for the past decade, in recent years averaging 25 per cent annual growth.

Last year, profits climbed 34 per cent to 303m pesos and rose a further 20 per cent in the first half of 1979.

However, it is clear that the company's needs are as much for additional working capital as for capital to finance plant

Europe leads investment in Latin America

BY JOHN WICKS IN ZURICH

CONTINENTAL EUROPE has become the main source of new investment in Latin America, according to a study prepared by Professor Bernard Lietaeer for the Brussels-based European Centre for Study and Information on Multinational Corporations (ECSIM). Taken on a cumulative basis, Europe has overtaken the United States, says the report, especially in Brazil, Argentina and Chile. In the case of Brazil, the European share of total foreign investment is said to have risen from 31 per cent in 1973 to 43 per cent in 1976, the comparable U.S. stake declining from 48 to 32 per cent.

The ECSIM study points to the concentration on investments in the manufacturing sector. Examples given of the "veritable boom" in this field include the foreign control of the Brazilian car industry, the 82 per cent foreign stake in Argentine engineering equipment and that of 67 per cent in the chemical industry assets in Mexico and Peru. Some 80 per cent of all foreign investment in the manufacturing sector in Latin America is concentrated in Brazil, Mexico, Argentina and Venezuela.

Closer co-operation between Europe and Latin America is seen as not only mutually profitable but also the solution in the 1980s to raw material

supply problems for Europe and the source of industrial technology for Latin America.

However, the study warns that European companies will have to overcome the "particularly difficult transition period" of the coming decade, and this with investments which have not yet been amortised. The region, says Professor Lietaeer, will change from a system of import substitution to other strategies.

Tokyo eases stocks curbs

TOKYO — The Tokyo Stock Exchange announced that it has eased margin trading curbs on shares of Sanko Steamship, Japan Metals and Chemicals and Japan Line with effect from yesterday.

Singapore listing for Sime Darby

SINGAPORE — The Stock Exchange of Singapore said that it has admitted Sime Darby Bhd and Consolidated Plantations Bhd to its Official List. Trading in Sime's 425.1m 50 Malaysian cent shares and 456.8m Consolidated Plantation shares and 3.4m warrants of 50 cents each will start today. Simultaneously the Kuala Lumpur Stock Exchange said that Sime Darby Bhd shares and Consolidated Plantations Bhd shares and warrants will be listed from the start of trading today.

Both companies recently completed transfer to domicile in Malaysia from the UK and a change to "Berhad" from "Limited" status.

Saudi-Italian link

Al Rajhi, a leading Saudi Arabian holding group, has taken over a 50.6 per cent interest in Dal Vera SpA, of Conegliano, Veneto, through an investment of L12.3bn (\$15.2m), the company disclosed yesterday, reports AP.

This announcement appears as a matter of record only.

December 1979



Instituto Nacional de la Vivienda "INAVI"

U.S.\$400,000,000

Term Loan

Lead Managed by

Orion Bank Limited

Banco de Vizcaya, S.A.

National Westminster Bank Group

Grindlays Bank Group

Standard Chartered Bank Limited

Managed by

The Dai-ichi Kangyo Bank, Limited

The Fuji Bank, Limited

Kleinwort, Benson Limited

Landesbank Stuttgart International

National Bank of Canada (International) Limited, Nassau

Societe Anonyme

The Nippon Credit Bank, Ltd.

Nederlandsche Middenstandsbank N.V.

The Tokai Bank, Limited

The Sumitomo Trust and Banking Co., Ltd.

Williams & Glyn's Bank Limited

Co-Managed by

Handelsbank N.W. (Overseas) Limited

The Long-Term Credit Bank of Japan, Limited

The Mitsui Trust and Banking Co. Ltd.

The Saitama Bank, Ltd.

The Sanwa Bank, Limited

Provided by the above banks and

Allgemeine Sparkasse in Linz, Linz/Austria

Australia-Japan International Finance Ltd.

Banca del Gottardo

Banca Nazionale del Lavoro

Banco Central S.A.

Bank fur Arbeit und Wirtschaft Aktiengesellschaft

Banque Federative du Credit Mutuel

Banque Francaise du Commerce Exterieur

Banque Worms

Coutts & Co.

Crédit du Nord

Die Erste osterreichische Spar-Casse

International Westminster Bank Limited

Investitions- und Handels-Bank AG

Italian International Bank

Maibl Bermuda (Far East) Limited

Mitsui Bank Limited

Orion Bank (Guernsey) Limited

Royal West Banking Corporation

Singapore International Merchant Bankers Limited

Sal Oppenheim Jr. & Cie.

The Sumitomo Bank, Limited

State Bank of India

Agent Bank

Orion Bank Limited



This announcement appears as a matter of record only.

December 1979



Aluminio Español, S.A.

U.S.\$200,000,000

Ten Year Loan

Lead Managed by

Orion Bank Limited

Manufacturers Hanover Limited

The Royal Bank of Canada (London) Limited

Toronto Dominion International Bank Limited

Managed by

Bank of Montreal

Banque Nationale de Paris

Chemical Bank International Group

Dresdner Bank Aktiengesellschaft

Midland Bank Limited

Co-Managed by

The Bank of Nova Scotia Group

Barclays International Group

Continental Illinois Limited

Security Pacific Bank

Provided by

Banco Arabe Español, S.A. - Aresbank

Bank of Montreal

The Bank of Nova Scotia Channel Islands Limited

Banque Nationale de Paris

Banque Nationale du Canada (France)

Barclays International Group

Chemical Bank

Continental Illinois National Bank and Trust Company of Chicago

Dresdner Bank Aktiengesellschaft, Sucursal de Madrid

Manufacturers Hanover Bank (Guernsey) Limited

Midland Bank Limited

Midland and International Banks Limited

Orion Bank Limited

The Royal Bank of Canada Group

The Royal Bank of Scotland Limited

Security Pacific Bank

Toronto Dominion Bank Investments (UK) Limited

Agent Bank

Orion Bank Limited



Companies and Markets

WORLD STOCK MARKETS

No clear early Wall St. trend

NEW YORK

Table of stock prices for various companies in New York, including AMF, AM Int'l, ARA, Abbott Labs, etc.

Table of stock prices for various companies in London, including Gl. Ad. Pac. Tea, Gl. Ad. Pac. Tea, etc.

Table of stock prices for various companies in Tokyo, including Schuller Brew., SGM, etc.

Table of stock prices for various companies in Hong Kong, including ANZ Exp., etc.

Table of stock prices for various companies in Singapore, including Boustead Bhd., etc.

Indices

Table of stock indices for New York, including Dow Jones, S&P 500, etc.

NEW YORK ACTIVE STOCKS

Table of active stock transactions in New York, including volume and price changes.

PRECIOUS METAL issues and special situation stocks continued

to attract most of the buying attention on Wall Street in moderate early activity yesterday.

Tokyo

Stocks presented a mixed appearance after reduced but fairly active trading.

Australia

Markets were predominantly firm, although business was thin.

Canada

Gold shares featured strongly in firmer-inclined markets yesterday.

CANADA

Table of stock prices for various companies in Canada, including Albitol, Agnico Eagle, etc.

On hopes of a good December quarter report from the Ashton diamond venture partners, CRA

advanced 12 cents to AS32. Ashton Mining 15 cents to AS3.00 and Northern Mining 10 cents to AS3.10.

Stocks with coal interests were mainly in demand, with White Industries rising 76 cents to AS6.30

on take-over rumours, Mareeba put up 20 cents to AS1.50.

Paris

The soaring price of gold and a report that the French Government is to float an FF7.5bn State Loan in the second half of January generally pushed shares down in relatively thin trading.

Hong Kong

The market firmed in the morning in good two-way trading, with the Hang Seng index showing a rise of 19 points at mid-day.

Germany

Bourse prices displayed an easier tendency in very light trading, with soaring gold prices and a weak dollar.

FRANCE

Table of stock prices for various companies in France, including Emprunt 4 1/2 1978, etc.

ITALY

Table of stock prices for various companies in Italy, including ANIC, Assicur Gen., etc.

NORWAY

Table of stock prices for various companies in Norway, including Bergens Bank, etc.

SWEDEN

Table of stock prices for various companies in Sweden, including ASEA, Alfa-Laval, etc.

On hopes of a good December quarter report from the Ashton diamond venture partners, CRA

advanced 12 cents to AS32. Ashton Mining 15 cents to AS3.00 and Northern Mining 10 cents to AS3.10.

Stocks with coal interests were mainly in demand, with White Industries rising 76 cents to AS6.30

on take-over rumours, Mareeba put up 20 cents to AS1.50.

Paris

The soaring price of gold and a report that the French Government is to float an FF7.5bn State Loan in the second half of January generally pushed shares down in relatively thin trading.

Hong Kong

The market firmed in the morning in good two-way trading, with the Hang Seng index showing a rise of 19 points at mid-day.

Germany

Bourse prices displayed an easier tendency in very light trading, with soaring gold prices and a weak dollar.

FRANCE

Table of stock prices for various companies in France, including Emprunt 4 1/2 1978, etc.

ITALY

Table of stock prices for various companies in Italy, including ANIC, Assicur Gen., etc.

NORWAY

Table of stock prices for various companies in Norway, including Bergens Bank, etc.

SWEDEN

Table of stock prices for various companies in Sweden, including ASEA, Alfa-Laval, etc.

Handwritten note at the bottom right of the page.

Companies and Markets

Coffee prices fall as Brazil boosts crop estimates

By Richard Mooney

COFFEE FUTURES prices fell sharply on the London market yesterday encouraged by the recent decline in New York...

The New York decline was mainly due to the raising of deposit margins on the March position in an attempt to force the Bogota producer group...

export in the first quarter of the calendar year, switching the market quite suddenly from relative tightness to surplus...

Iran buying lifts sugar market

By Richard Mooney

SPECULATION THAT Iran may have bought as much as 100,000 tonnes of white sugar at around 70c a cwt...

UK FARMING

Watching the weather

By John Cherrington, Agriculture Correspondent

UNTIL THE frosts of the last few days, the autumn of 1979 had behaved impeccably. In fact, the whole of the farming year since early June has been one of the best I can remember...

has far more control than previously, simply because of the chemicals now provided. I am certain, though, that the season has the decisive influence in the end. This was brought home to me over the past few years when my wheat crops were very good indeed...

Precious metals boost copper

By John Edwards, Commodities Editor

COPPER PRICES on the London Metal Exchange opened on a firm note yesterday after the holiday period, boosted by the rise to record levels in the gold, silver and platinum markets...

As expected, copper stocks held in LME warehouses showed a marginal decline, falling by 100 tonnes and reducing total holdings to 127,050 tonnes.

LME silver stocks rose by 1,610,000 ounces to a total of 13,100,000 ounces. Prices on the market surged to new peaks following the trend in gold and continued fears about the Middle East political situation...

Good seed bed The essential factor was the state of the land at the time of planting. Spring barley likes a good seed bed, and if it is drilled in mud, it comes to no good...

Later reports said the growing cane had weathered the storm well. It was estimated that total damage could be around 30,000 tonnes, some of which would probably be reprocessed.

THE AGRICULTURE industry's prospects for 1980 appear particularly gloomy, according to Mr. T. Myrdind Evans, president of the Farmers' Union of Wales...

He warned that agriculture, like other industries, was faced with an economic recession which would be exacerbated by further oil price increases.

economic growth, increasing unemployment and high rates of inflation and interest. "I appreciate that agriculture cannot be isolated from the problems facing this country...

The new code is not obligatory but will apply to most new farm buildings in practice. This is because the new standard must be adhered to in buildings qualifying for Government grant...

U.S. beef import curb attacked WELLINGTON Prime Minister, Mr. Robert Muldoon has warned recent moves by the U.S. Congress to regulate beef imports would create difficulties for his country...

The U.S. House of Representatives last month approved a Bill which would reduce beef imports when domestic supplies were high, and would limit the President's authority to suspend import quotas.

Guyana sugar and rice below target

GUYANA'S MAIN agricultural export commodities, sugar and rice, are both expected to fall short of targets which were revised downwards during the year.

The rice crop has closed for the year at 136,000 tons, which is 46,000 tons below the output last year, considerably below the 200,000 tons target originally set for this year...

In the case of sugar, the industry is trying to reach a target of 320,000 tons, revised from last year's 300,000 tons. However, production to date is only about 290,000 tons and the industry is hoping to produce 360,000 tons next year.

E. Germany sells £25m of silver

Leslie Colitt writes from Berlin: East Germany is cashing in on the West's speculative rise in precious metals by selling large quantities of silver on the LME.

Gloomy outlook for farmers

THE AGRICULTURE industry's prospects for 1980 appear particularly gloomy, according to Mr. T. Myrdind Evans, president of the Farmers' Union of Wales...

AMERICAN MARKETS

NEW YORK, December 27. THE PREVIOUS session closed sharply lower as a result of a sell-off in continued concern over events in Iran and Afghanistan, with silver hitting a low of \$17.25...

PRICE CHANGES

Table with columns for Dec 27, 1979, and Dec 26, 1979, showing price changes for various commodities like Metals, Copper, Zinc, etc.

BRITISH COMMODITY MARKETS

Table of British commodity markets including Base Metals (Copper, Tin, Lead, Zinc), Grains (Wheat, Barley), and other commodities with their respective prices and changes.

COFFEE

Table of coffee prices for various grades and origins, including Robusta and Arabica, with prices per tonne.

GRAINS

Table of grain prices for wheat, barley, and other grains, including LME and other market prices.

SOYABEAN MEAL

Table of soyabean meal prices for various grades and origins, including LME and other market prices.

EUROPEAN MARKETS

Table of European market prices for various commodities like wheat, barley, and other grains.

INDICES

Table of financial indices including Financial Times, DOW JONES, and MOODY'S, with their respective values and changes.

Insurance Base Rates advertisement with a table showing property and vanburgh guaranteed rates, and a section for financial times world commodity report.

Are Lead prices a weight on your mind? advertisement with a table showing lead prices and a section for financial times world commodity report.

China drought warning after peak harvest advertisement with a table showing wool futures and cotton prices.

Ugandan directive to cotton farmers advertisement with a table showing wool futures and cotton prices.

Tight wool supply forecast advertisement with a table showing wool futures and cotton prices.

Ugandan directive to cotton farmers advertisement with a table showing wool futures and cotton prices.

Companies and Markets

LONDON STOCK EXCHANGE

Sluggish return from Christmas holidays highlighted by upsurge in Gold shares—index jumps 14.2 to 276.4

Account Dealing Dates
Options
*First Declara- Last Account
Dealings 1100s Dealings Day
Dec. 10 Dec. 20 Dec. 27 Jan. 7
Dec. 28 Jan. 10 Jan. 11 Jan. 21
Jan. 14 Jan. 24 Jan. 25 Feb. 4

New time dealings may take place from 3.30 am to 2.30 pm on Dec. 27.

Gold and other mining issues commanded the attention in stock markets which otherwise made a sluggish return to business after the Christmas holidays. As in last Monday's shorted trading session before the two-day break, the price of Gold bullion set the pace by picking up its overnight strength on other exchanges and leaping to a record London closing level of \$811 an ounce.

Stores dull
Sinox traded easier where changes in Marks and Spencer softened a penny in 77p after a 1979 low of 76p. Bampers dipped 4 to 70p as did Gratian Houses, to 106p. The latter was down from a peak of 110p in August. B. and Q. Retail, however, barbed 2 to 36p.

Electricals followed the general downward drift. Among the leaders, Tharm, 6 cheaper at 278p, were unsettled by the threat to UK television manufacturers from overseas following the expiration of the PAL patent. Royal eased 2 to 195p and GEC, 33p, and Plessey, 111p, lost a penny apiece.

Government stocks attracted a small business, much of which was directed at Treasury 15 per cent 1985 in special ex dividend form. The shorter end of the market was easier in places on switching to go longer.

The equity sections were generally neglected and leading shares continued to drift lower for want of attention. Losses were confined to a penny or so but among constituents of the FT 30-share index they combined to produce a closing fall of 2.8 in the index to 414.7.

C. T. Bowring better
C. T. Bowring edged forward a couple of pence to 129p, after 130p, awaiting further news of the Marsh and McLennan bid approach. Elsewhere in insurance, Britannic barbed 2 to 154p and Fed to 274p.

The major clearing banks drifted lower on lack of support. Barclays, 42 1/2p, Lloyds, 30 3/4p, and Midland, 34 1/2p, all lost 4, while Bank of Ireland declined 5 to 32 1/2p. Among merchant banks, Hambros put on 2 to 285p. Kielevsky Boscian, at 12 1/2p, were unmoved by the sale of the company's 40 per cent stake in Kielevsky Boscian McConan, the New York based investment adviser with assets of \$700m.

Little of interest occurred in Breweries, but Highland Distilleries closed a penny cheaper at 143p following the formal offer from Hiram Walker.

Concern about the cost of repairs to Ronan Point unsettled Taylor Woodrow which fell 8 to 32 1/2p. Elsewhere in Buildings, Milnury gave up 4 to 53p. Veolia Sinox barbed a penny to 310p following the doubled final dividend and increased earnings. Bellway gained 2 to 89p and Brown and Jackson put on 2 to 215p.

ICI typified the dull and lethargic market conditions yesterday, closing 4 off at 356p on lack of support.

Oils
The other sector of the Australian market which attracted attention was Diamonds, where Northern Mining was prominent with a rise of 1 1/2 to 155p. Zanuz Riointo, leader of the Ashton consortium, firmed 5 to 247p.

Its London parent, Rio Tinto Zinc was quiet for most of the day but a late spurt lifted its price to 32 1/2p. Charter and Selection Trust were overlooked, staying near overnight levels at 126p and 54 1/2p respectively, but Consolidated Gold Fields had a late rally to 351p for a gain of 4 1/2p.

Strong Goods
As the bullion price traded over \$500, to close at \$511.0, an ounce for a rise since Christmas Eve of \$23.50, interest in gold issues dominated the mining markets. The strength of South African Golds spread into Australia Golds.

The Gold Mines Index rose 14.2 to 276.4 as buying emerged especially from London and the Cape, supported by a price of 1400, with American interest proving reluctant sellers. Rise were common throughout the list and pushed numerous stocks to 1979 highs.

Oils drift lower
Oils passed another quiet session, but light selling fueled the market unwilling and the overall trend was to lower levels. Among the leaders, Shell gave up 2 1/2p to 435p and BP 2 to 342p. In the more speculative issues, Siebens (UK) fell 10 to 388p, while CCP North Sea lost 8 to 214p, and Ultramar, 41p, and Lasma, 33p, lost 6 apiece.

Against the trend, Weeks Petroleum rose 10 to 345p.

Metal Box lower
The prospect of a nationwide steel strike unsettled Metal Box which fell 6 to 234p. Press common drew buyers' attention to BET which rose 6 to 12 1/2p, after 12 1/4p, while Smeby gained 10 to 40p on demand ahead of the preliminary results for January 10. Nira and Spencer put on 4 to 98p and Otrex 3 to 147p.

107p, while overseas concern Hambleton jumped 20 to 85p. Still unsettled by adverse comment, Change Wares lost 1 1/2 to 9p and the 13 per cent Preference declined a penny more to 11p.

Comment highlighting the recent prolonged ITV dispute caused selective ease in Television where HTV outvoting lost 5 to a 1979 low of 97p and Anglia A gave up 3 to 66p. In Commercial Vehicles, ERF drifted back 3 to 92p, while Dowy were similarly easier at 3 to 124p.

South African industrials made good progress in sympathy with the current strength of gold mining issues. Rises of around 8 were seen in Barlow Rand, 317p, Gold Field Properties, 85p, and Greatermans A, 230p, while Anglo-American Industrial put on 15 to 750p.

Overseas Traders displayed an easier bias. Great Northern featured with a fall of 4 1/2 points to 277, while Harrison and Croft fell 13 to 61 1/2p and Hoaring eased a couple of pence to 67 1/2p.

Trusts recorded scattered losses, Scottish Cities "A" easing 4 to 196p and Atlantic Assets

good progress in sympathy with the current strength of gold mining issues. Rises of around 8 were seen in Barlow Rand, 317p, Gold Field Properties, 85p, and Greatermans A, 230p, while Anglo-American Industrial put on 15 to 750p.

Western Holdings rose 2 to 124p and East Rand Proprietary 1 1/2 to 111p, while Barbas Deep closed 7 1/2 higher at 53 1/2p and West Driefontein and FS Gold

showed gains of 1 to 232; and 21 1/2 respectively.

The same pattern of buying was evident for South African Financials where Anglo American featured with a rise of 4 1/2 to 58 1/2p, and Amgold advanced 1 1/2 to 230p.

The rise among Golds brought extra strength to Platinum where Rustenburg were outdone with a jump of 15 to 202 1/2p, while Impala and Lydenburg at 117p were several pence better.

Australians were also active, taking their cue from Sydney overnight. Gold Mines of Kalgourlie moved 11 higher to 181p and Posidon, now reincarnated as a gold stock, hardened 5 to 111p.

Western Holdings rose 2 to 124p and East Rand Proprietary 1 1/2 to 111p, while Barbas Deep closed 7 1/2 higher at 53 1/2p and West Driefontein and FS Gold

showed gains of 1 to 232; and 21 1/2 respectively.

The rise among Golds brought extra strength to Platinum where Rustenburg were outdone with a jump of 15 to 202 1/2p, while Impala and Lydenburg at 117p were several pence better.

Australians were also active, taking their cue from Sydney overnight. Gold Mines of Kalgourlie moved 11 higher to 181p and Posidon, now reincarnated as a gold stock, hardened 5 to 111p.

Western Holdings rose 2 to 124p and East Rand Proprietary 1 1/2 to 111p, while Barbas Deep closed 7 1/2 higher at 53 1/2p and West Driefontein and FS Gold

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (28)	
Investorshare	BEERS (1)
Thorpel of W.I.	ELECTRICALS (1)
Common Souths	SHIPPING (1)
Gold Fields Prop.	SOUTH AFRICANS (2)
Gold Fields Prop.	DK Basoars
Oil & Gas (2)	
Wicks Petroleum	Da. Ph. Ord.
	MINES (20)
East Rand Prop.	Zanuz
Vict. Rand	Rustenburg
Marine	Lorraine
Harbour	Anglo American
Esigang	General Mining
Hambros	Platinum
Minerals	Uitendop
Koedoe	Uitendop
Platinum	Rustenburg Platinum
Western Ocean	W. B. Mines

NEW LOWS (20)

NEW LOWS (20)	
Bulfinch	BUILDINGS (1)
Streeters	STORES (1)
Marks & Spencer	ELECTRICALS (1)
Thom Elec.	ENGINEERING (1)
Butterfield Harvey	RECORD
Clavton, Soc.	Wheway Watson
North U.I.A.	
	FOODS (1)
Barker & Osborn	Tavenor Rutledge
Change Wares	INDUSTRIALS (5)
De La Motte	Tristram
Holmes I.A.	Whitby Fibrous

RISES AND FALLS YESTERDAY

Up	Down	Same
19	16	62
British Funds and		
Govts, Dom. and		
Foreign Bonds		
4	1	61
Industrial and Prop.		
22	87	389
Oils		
5	22	23
Plantations		
6	17	62
Others		
23	48	79
Totals		
202	382	1,241

LONDON TRADED OPTIONS

Option	Exercise	Closing	Vol.	Closing	Vol.	Equity
	price	offer		offer		close
BP	550	9	22	10	3	540p
Esigang	380	11	1	30	2	380p
Esigang	380	11	1	30	2	380p
Esigang	380	11	1	30	2	380p
Esigang	380	11	1	30	2	380p
Esigang	380	11	1	30	2	380p
Esigang	380	11	1	30	2	380p
Esigang	380	11	1	30	2	380p
Esigang	380	11	1	30	2	380p
Esigang	380	11	1	30	2	380p

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Thurs., Dec. 27, 1979						Mon., Dec. 24	Fri., Dec. 21	Thurs., Dec. 20	Wed., Dec. 19	Year approx.
	Index No.	Day's Change %	Est. Earnings (p)	Gross Div. Yield (%)	Est. P/E (x)	Index No.					
1 CAPITAL GOODS (172)	213.38	-0.5	20.20	7.21	6.27	214.89	215.05	214.94	215.57	232.08	
2 Building Materials (27)	198.12	-0.5	19.98	7.56	6.47	199.82	200.85	199.78	199.79	204.25	
3 Contracting, Construction (29)	225.28	-1.1	22.37	7.57	4.36	226.99	229.41	228.22	228.28		
4 Electricals (15)	548.38	-0.4	14.71	4.32	9.07	558.53	552.34	558.47	555.06	501.92	
5 Engineering Contractors (11)	290.65	-0.8	26.68	8.81	4.79	292.99	292.55	292.59	295.86	354.51	
6 Mechanical Engineering (74)	149.32	-0.2	22.33	8.57	5.59	150.25	150.20	149.96	150.63	182.01	
7 Metals and Metal Forming (16)	146.07	-0.2	22.79	10.40	5.29	146.49	147.62	147.43	147.64	164.43	
8 Consumer Goods											
11 11 Electronics, Radio, TV (15)	191.95	-0.7	18.77	6.33	6.61	193.17	193.86	193.93	195.14	209.06	
12 Household Goods (14)	232.89	-0.5	15.01	4.36	8.50	234.28	232.60	233.21	235.25	251.01	
13 Household Goods (14)	131.72	-0.4	25.94	9.28	4.67	132.22	132.21	131.50	131.63	156.85	
14 Motors and Distributors (21)	203.66	-0.1	26.02	8.90	4.61	203.97	204.06	203.77	203.59	228.28	
15 Consumer Goods											
21 NON-DURABLE (173)	204.48	-0.3	19.51	7.35	6.33	205.04	205.72	206.10	206.68	207.54	
22 Breweries (1)	222.92	-1.1	17.29	6.52	6.80	224.25	223.21	224.22	225.25	235.25	
23 Wines and Spirits (16)	278.50	-0.1	18.33	5.14	6.80	279.65	280.18	280.17	280.92	292.92	
24 Entertainment, Catering (17)	272.72	-0.1	19.37	7.24	6.70	273.87	272.67	274.75	275.99	289.29	
25 Food Manufacturing (19)	190.95	-0.2	20.84	7.62	5.89	191.92	191.28	191.41	191.41	200.01	
26 Food Retailing (15)	292.96	-0.2	14.06	4.96	8.50	293.65	293.87	292.47	292.78	228.00	
27 Newspapers, Publishing (12)	380.66	+0.3	24.94	7.65	5.94	379.62	379.22	382.73	382.73	361.95	
28 Packaging and Paper (15)	278.79	-0.5	18.51	9.71	5.07	277.44	277.37	277.33	277.33	293.92	
29 Textiles (23)	191.33	-0.7	14.09	5.82	8.83	192.59	192.59	192.59	192.59	192.59	
30 Textiles (23)	126.14	-0.2	28.83	12.82	4.40	126.54	126.51	127.27	127.82	173.31	
31 Tobacco (3)	202.42	-0.2	28.16	11.01	4.01	202.90	202.90	202.90	202.90	202.90	
32 Toys and Games (6)	47.10	-0.8	34.75	15.20	3.63	47.46	47.46	47.46	47.46	92.28	
33 OTHER GROUPS (98)	187.81	-0.6	16.75	7.18	7.28	188.09	188.59	189.19	189.19	194.46	
34 Chemicals (62)	278.79	-0.8	17.59	7.16	6.92	279.61	279.61	279.61	279.61	279.61	
35 Pharmaceutical Products (7)	194.12	-0.9	13.12	6.58	9.30	195.83	195.26	197.85	197.85	203.76	
36 Office Equipment (6)	203.12	-0.7	19.35	8.18	6.45	203.81	203.81	203.81	203.81	228.75	
37 Shipping (10)	413.31	+0.1	12.82	7.81	9.95	413.05	412.54	412.50	412.50	405.49	
38 Miscellaneous (57)	218.75	-0.3	17.96	7.20	7.06	219.48	219.52	220.51	220.51	207.79	
39 INDUSTRIAL GROUP (495)	288.08	-0.4	18.96	7.20	6.54	288.94	289.61	290.59	291.21	307.30	
40 30 SHARE INDEX	369.14	-0.9	18.34	6.93	6.61	369.21	369.21	372.16	372.16	391.32	
41 FINANCIAL GROUP (117)	282.12	-0.5	16.41	7.14	6.39	282.01	282.01	282.01	282.01	282.01	
42 Banks (6)	228.86	-0.9	37.79	5.91	3.38	229.26	229.26	229.26	229.26	229.26	
43 Discount Houses (10)	217.00	-0.1	9.11	—	218.05	217.97	217.97	218.05	218.05	218.05	
44 Hire Purchase (15)	166.21	-0.5	23.31	5.72	5.94	167.98	168.46	167.67	165.09	—	
45 Insurance (Life) (10)	159.09	+0.2	—	6.78	—	159.81	159.81	159.81	159.81	—	
46 Insurance (Composite) (8)	121.25	-0.6	—	8.04	—	121.94	123.02	123.14	122.85	—	
47 Insurance (Other) (10)	274.79	-0.8	18.68	7.32	7.65	276.46	276.96	277.17	277.17	302.32	
48 Merchant Banks (17)	87.96	+0.1	—	6.62	—	88.88	88.72	89.32	89.32	71.37	
49 Property (44)	316.72	-0.1	41.37	3.38	34.43	317.57	316.46	315.17	316.89	—	
50 Miscellaneous (10)	119.78	-0.1	15.87	7.56	8.20	119.94	119.69	120.44	120.44	113.88	
51 Investment Trusts (105)	191.75	-0.4	—	6.39	—	192.63	192.76	192.76	192.80	—	
52 Mining Finance (4)	158.19	+1.2	14.57	5.59	8.33	156.31	156.59	157.45	156.17	100.86	
53 Overseas Traders (20)	333.27	-1.0	34.76	7.82	8.11	334.69	333.98	332.36	329.61	—	
99 ALL SHARE INDEX (750)	224.99	-0.5	—	6.88	—	226.76	226.91	228.11	228.11	221.39	

FIXED INTEREST PRICE INDICES
British Govt. A.G. Gross Rate

	Thurs., Dec. 27	Mon., Dec. 24	Friday, Dec. 21	Thurs., Dec. 20	Wed., Dec. 19	Tues., Dec. 18	Mon., Dec. 17	Friday, Dec. 14	Year approx.
1 20-yr. Red. Deb. & Loans (15)	49.35	+14.06	49.39	49.34	49.67	49.66	49.48	49.61	54.91
2 Investment Trust Pref. (15)	46.21	+14.49	46.28	46.28	46.78	46.78	46.78	46.89	51.17
3 Com. and Ind. Pref. (20)	61.19	+6.12	61.18	61.12	61.44	61.44	61.46	61.46	70.38

1 Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Brecken House, Cannon Street, London, EC4A 3DF, price 14p, by post 22p.

ACTIVE STOCKS

Stock	No. of shares	Decom. marks	Closing price (p)	Change on day	1979 high	1979 low
Tricentral	25p	5	248	-4	254	146
BE	25p	4	342	-3	408	220
ICI	21	4	356	-4	415	311
Lorrho	25p	4	286	—	90	62
Racal Electronics	25p	4	185	-2	276	165
B.E.T. Deid.	25p	3	121	+6	145	96
Bowring (C. T.)	25p	3	129	+2	14	

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Discretionary Unit Fund Managers, E. F. Winchester Fund Mgmt. Ltd., and others, with columns for fund names and numerical values.

Table listing unit trusts under various categories like Stewart Unit Tr. Managers Ltd., City of Westminster Assur. Co. Ltd., and others, with columns for fund names and numerical values.

Table listing unit trusts under various categories like Scottish Widows' Group, London Assurance, and others, with columns for fund names and numerical values.

Table listing unit trusts under various categories like Capital International S.A., Charterhouse Fund, and others, with columns for fund names and numerical values.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

NOTES: Prices are in pence unless otherwise indicated. Values are as at 23.12.79. All values are in pence unless otherwise indicated.

Continued on previous page

MATTHEWS GOODMAN & POSTLETHWAITE, Offices for Commerce, 01-248 3200

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

Table of British Funds including 'Shorts' (Living up to Five Years) and 'Over Fifteen Years'.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Stock, Price, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Stock, Price, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Stock, Price, and Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, and Yield.

Hire Purchase, etc.

Table of Hire Purchase, etc. with columns for Stock, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Stock, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Stock, Price, and Yield.

INDUSTRIALS (Misc.)

Table of Industrials (Misc.) with columns for Stock, Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Stock, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Stock, Price, and Yield.

INTERNATIONAL BANK

Table of International Bank with columns for Stock, Price, and Yield.

CANADIANS

Table of Canadian stocks with columns for Stock, Price, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Stock, Price, and Yield.

ELECTRICALS

Table of Electricals with columns for Stock, Price, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Stock, Price, and Yield.

LOANS

Table of Loans with columns for Stock, Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Stock, Price, and Yield.

FINANCIAL TIMES PUBLISHED IN LONDON & FRANKFURT. Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4A 3DF.

EDITORIAL OFFICES, ADVERTISEMENT OFFICES, SUBSCRIPTIONS. Manchester, Queen's House, Queen Street. London: 10 Cannon Street, EC4A 3DF.

FINANCIAL TIMES

Main table of Financial Times share information with columns for Stock, Price, and Yield.

FINANCIAL TIMES

Main table of Financial Times share information with columns for Stock, Price, and Yield.

FINANCIAL TIMES

Main table of Financial Times share information with columns for Stock, Price, and Yield.

INDUSTRIALS—Continued

Table listing various industrial stocks with columns for name, price, and other financial metrics.

INSURANCE—Continued

Table listing various insurance companies and their stock prices.

PROPERTY—Continued

Table listing various property-related stocks and their prices.

INVESTMENT TRUSTS—Cont.

Table listing various investment trusts and their performance metrics.

FINANCE, LAND—Continued

Table listing various finance and land-related stocks.

DAIWA BANK logo and name, with text 'A fully integrated banking service'.

MINES—Continued

Table listing various mining companies and their stock prices.

AUSTRALIAN

Table listing Australian stocks and their prices.

TINS

Table listing tin-related stocks and their prices.

COPPER

Table listing copper-related stocks and their prices.

MISCELLANEOUS

Table listing various miscellaneous stocks and their prices.

NOTES

Notes section containing financial information and company announcements.

REGIONAL MARKETS

Table listing regional market data and stock prices.

LEISURE

Table listing leisure-related stocks and their prices.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade stocks.

Components

Table listing component stocks and their prices.

Garages and Distributors

Table listing garage and distributor stocks.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher stocks.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising stocks.

SHIPPING

Table listing shipping-related stocks.

SHOES AND LEATHER

Table listing shoe and leather stocks.

SOUTH AFRICANS

Table listing South African stocks.

TEXTILES

Table listing textile-related stocks.

TOBACCO

Table listing tobacco-related stocks.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land stocks.

OIL & GAS

Table listing oil and gas stocks.

OVERSEAS TRADERS

Table listing overseas trader stocks.

RUBBERS AND SISALS

Table listing rubber and sisal stocks.

TEAS

Table listing tea-related stocks.

MINES

Table listing mining stocks.

EASTERN RAND

Table listing Eastern Rand stocks.

FAR WEST RAND

Table listing Far West Rand stocks.

O.F.S.

Table listing O.F.S. stocks.

DIAMOND AND PLATINUM

Table listing diamond and platinum stocks.

FINANCE

Table listing various finance stocks.

OPTIONS

Table listing options market data.

Text describing the options market and reporting page.

Companies House Searches?
Extel are Expert
EXTEL STATISTICAL SERVICES LTD
37/45 PAUL ST. LONDON EC2A 4PB
Tel: 01-253 3400 Telex: 262437

Make friends with
GIO PEPE
Finest of all dry cherries
GONZALEZ BYASS

FOREIGN DEBTS OF \$48.17bn

Brazil may need \$15bn

BY DIANA SMITH IN BRASILIA

BRASIL MAY need to borrow another \$15bn in new foreign loans in 1980, according to the Finance Minister, Sr. Carlos Rischbieter.

On top of estimated oil imports in 1980 of between \$10bn and \$12bn, outlays of \$11bn for other imports will be required, against the foundation's forecast of \$18bn exports and \$2bn in direct foreign investment.

her figure is expected to be particularly dramatic due not only to rises of 58 per cent and 55 per cent in the prices of petrol and electricity at the beginning of the month but also to wildcat mark-ups of the prices of goods and services immediately after the 30 per cent devaluation of the cruzeiro on December 10.

trade terms enough to achieve export growth of 55 per cent in 1980, to \$20bn and, with this increase, improve foreign borrowing terms.

Esso puts 4p on petrol price

By Martin Dickson, Energy Correspondent

ESSO YESTERDAY announced increases in the price of its UK oil products which will add about 4 pence a gallon to cost of its petrol at the pump—and warned of further increases early in the New Year.

The company, which is the joint UK market leader in oil products, said price rises, effective today, accounted for two increases in its crude costs.

The first was a \$2.77 a barrel rise in the price of North Sea crude in November. The second was the \$6 a barrel backdated price rise which Saudi Arabia announced just before this month's OPEC meeting in Caracas.

Esso's increases mean that the wholesale price of a gallon of its petrol goes up 3.5p, equivalent to 4p per gallon on pump prices after VAT, if passed on in full by service stations.

Venezuela to raise oil price

By Kim Fuad in Caracas

VENEZUELA IS to raise the price of its oil exports and will announce the extent of the increase before the end of the year, President Luis Herrera Campins of Venezuela said.

Humberto Calderon Bert, Energy Minister, met on Wednesday with Ministry technicians and officials from the State oil monopoly, Petroleros de Venezuela, to discuss increases, but did not reach a decision.

Venezuela increased its crude price by \$4 on December 14, joining Saudi Arabia, United Arab Emirates and Qatar in bringing the marker crude up to \$24 a barrel, on the eve of the OPEC ministers' conference in Caracas.

BL-Honda tie-up could lead to further links

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE AGREEMENT between BL and Honda for BL to produce a car designed by the Japanese company could open the way for other kinds of collaboration between the two car makers.

Sir Michael Edwardes, the BL chairman, told a Press conference immediately after the signing of the agreement in Tokyo yesterday that the two companies had realised during a year of negotiations on the passenger car project that they might be able to work together profitably in a number of areas.

A joint working party to be set up shortly will investigate the scope for collaboration. In the meantime, Sir Michael said, BL is already aware that it has suffered in the past by failing to enter into joint ventures with other motor manufacturers to the extent that some of its competitors had.

BL will cut two years off the time that would have been required to overhaul its passenger car model, thanks to the agreement, Sir Michael said.

The Honda car, to be produced and sold by BL in the EEC under a BL marque will be in production by mid-1981, whereas the development of a new BL car meeting the same specifications might have taken three to four years.

New Kleinwort Benson venture

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

KLEINWORT BENSON, the largest of the City merchant banks, is selling its 40 per cent stake in Kleinwort Benson McCowan, the New York fund management company it bought into three years ago, because of disappointment with the results of the venture.

Now Kleinwort is to start its own U.S. fund management company from scratch. This will operate under the name of Kleinwort Benson International Investment once approval is forthcoming from the U.S. Securities and Exchange Commission.

Mr. Michael Devas, managing director of Kleinwort Benson's fund management division, said yesterday that Kleinwort had expected a freer flow of information between Kleinwort Benson McCowan and the London merchant bank.

Western markets is theoretically more profitable than the licensing of production know-how to foreign companies, Mr. Kawashima admitted.

Exports, however, are subject to severe political restraints with the result that licensing agreements have come to appear to Honda as attractive alternatives.

In the case of the BL-Honda tie-up, a combination of know-how sales and direct exports will be involved, since Honda will initially be supplying engines and transmissions for the cars to be built at Cowley.

Mr. Kawashima and Sir Michael were not willing to give details at the joint Press conference of the financial aspects of the tie-up beyond saying that BL will pay royalties to Honda for the right to its designs and that the royalties will be fixed in terms of yen.

Honda remains free to build the car, of which the design has been licensed to BL, at its plant in Japan and anywhere outside the EEC where it may wish to establish production facilities.

French Budget talks

BY ROBERT MAUTHNER IN PARIS

THE FRENCH National Assembly yesterday met for an emergency session in an attempt to unravel the tangle caused by the Constitutional Council decision that the Parliamentary procedure used for adopting the 1980 Budget was illegal.

This has left the country without a Budget for next year and the Government does not have the right to raise taxes. To overcome this, M. Raymond Barre, the Prime Minister, has been authorised by the Cabinet to table an Interim Bill permitting the Government to collect taxes until the Budget is adopted.

The Cabinet also agreed yesterday that the new Finance Bill would be tabbed virtually unchanged in the two houses of Parliament but that care would be taken to respect the correct procedure. M. Barre has again been authorised to make the Budget a question of confidence, if he finds that he cannot muster the required Parliamentary majority for the Finance Bill itself.

Forecasts expect recession to be short

By Peter Riddell, Economics Correspondent

MOST LEADING British forecasters believe that the forthcoming recession will be both shorter and shallower than the mid-1970s downturn.

A sample of 13 prominent official and private sector forecasters reveals fairly widespread agreement on the likely character of the recession.

Total output, as measured by retail prices domestic product, is projected to average to decline by 1.4 per cent in 1980 compared with this year. This contrasts with a total drop of more than 2½ per cent between 1973 and 1975. Moreover, those forecasters who look beyond the end of next year expect that there will be an upturn in 1981.

Oil build-up

The difference compared with the mid-1970s can be largely explained by the build-up of North Sea oil production; the UK is expected to be self-sufficient in oil some time next year.

Consumer spending is generally expected to continue to grow in real terms, though by a much smaller percentage than in recent years. This compares with a 3½ per cent fall in spending between 1973 and 1975.

The recession is likely to have its biggest impact on manufacturing industry where output may fall significantly because of a decline in investment and a cutback in the present high level of stocks.

Indeed to the extent that spending in the shops before Christmas was lower than hoped there will be a larger adjustment in stock levels and in output in the first few months of next year.

Jobless rise

Adult unemployment is expected to rise steadily—from 1.5m under 1.3m at present to 1.65m by the end of 1980 according to the average estimate of the forecasters.

Meanwhile, there is only expected to be a modest slowdown in the inflation rate, which will be mainly due to the absence from the large price rises caused by June's Budget. The 12-month index of retail price inflation—now 17.4 per cent—is projected to peak at around 20 per cent early next summer before falling to between 14 and 16½ per cent by end of 1980.

World Index 1

When professional investors venture forth, the statisticians cannot be far behind. For performance demands measurement, and without an appropriate index the fund manager is liable to flounder without proper orientation.

The abolition of exchange controls this year has posed a new challenge in this respect, now that the UK institutions have freedom to invest in equity markets around the world. In the case of international portfolios, after all, the familiar UK stock market indices are no longer suitable measuring rods to assess performance. Nor do overseas indices, as such, fill the gap.

There are two ways of constructing a world index. The first is to choose the countries with stock markets of sufficient size and accessibility, weight the relevant existing indices and combine them. The alternative is to construct a new index from the share prices of a sufficient number of leading companies worldwide—probably between 1,000 and 2,000. The inconsistencies between the different indices round the world make the second option preferable. Many of the older indices are unweighted and geometric, making them excessively sensitive to individual price movements, while in some countries there is no single

index which is nationally accepted. A freshly constructed index would quote prices in a single currency—probably U.S. dollars. The index would therefore measure currency as well as stock price changes. Thus the fall in value of the dollar has contributed to a rapid decline in the U.S. weighting in the Capital International world index. Whereas in 1968 the U.S. represented 75 per cent of the overall market value, the weighting has now fallen to 49 per cent. Europe accounts for 26 per cent and Japan for 16 per cent.

In an index of this type, the weightings of the different international markets within the total change automatically. However, there must be scope for adjustments as new stock markets—Mexico and the Philippines, for example—gain prominence. Also, acquisitions, bankruptcies and rapidly-growing companies would distort the balance of the different industrial sectors, necessitating changes. The standard formula for chainlinking leaves the price index unaffected, although discontinuity in yields is inevitable.

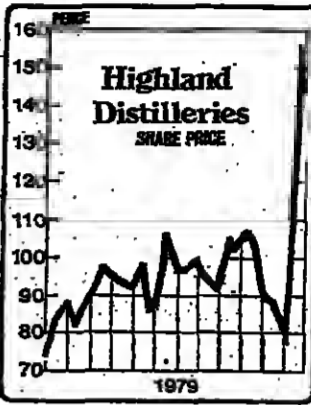
In fact, the most difficult problems are likely to concern yields and earnings ratios, due to the differences in international accounting practice. The distortion to profits comparison caused by differing depreciation methods is a major headache.

There would also be a demand for the world index minus one or other of the national constituents. The City merchant banks looking for American funds would like to be able to assess their performance against an index which did not include the U.S., for example, since their investment remit would hardly encompass the U.S. itself. While British institutions might be attracted to an index minus the UK for similar reasons, in practical terms the weighting of the European countries, is too small to make a significant impact.

How often should the index be produced? Once a week would probably be enough for the world index itself, although there are arguments for tracking International Industrial sectors more frequently, since these could provide a useful day by day investment tool. Whether a world index could be reproduced in the FT on the following morning's breakfast tables, given the New York closing times, is more problematical.

THE LEX COLUMN
Gingering up Highland

Index fell 2.8 to 414.7



In good time for Hogmanay, Hiram Walker has delivered its formal offer for Highland Distilleries. The document comes just as some of the frothiness is disappearing from Highland's share price, which is set to open at 150p on one stage but now stands at 143p. There is still clear daylight between this and the 130p a share cash value of the bid; but with talk of a counterbidder tending to fade a little, the Highland defence will need to be carefully mounted.

At this stage, Hiram Walker is concentrating on the fact that its £80m bid compares with Highland's book net worth of just £35m. Obviously, Highland's stocks of whisky, and its distilleries are worth significantly more at replacement cost, but any revaluation will have to be large indeed to bridge the gap.

This leaves out, however, the question of the value of Highland's 33.4 per cent stake in the private company Robertson and Baxter, which shares a number of common directors but is not treated in the accounts as an associated company because Highland "is not in a position to exercise significant influence over its policies." And it leaves out the goodwill in the Famous Grouse name, which is largely what all the fuss is about.

One snag here for Highland is that through a complex arrangement with R and B it only owns a half share in Famous Grouse. The defending Board's problem is therefore to bring out the hidden value which is at present locked up in the R and B link. The intriguing question is whether Highland and R and B will be worried enough to consider some sort of restructuring.

World Index 1
When professional investors venture forth, the statisticians cannot be far behind. For performance demands measurement, and without an appropriate index the fund manager is liable to flounder without proper orientation.

The abolition of exchange controls this year has posed a new challenge in this respect, now that the UK institutions have freedom to invest in equity markets around the world. In the case of international portfolios, after all, the familiar UK stock market indices are no longer suitable measuring rods to assess performance. Nor do overseas indices, as such, fill the gap.

There are two ways of constructing a world index. The first is to choose the countries with stock markets of sufficient size and accessibility, weight the relevant existing indices and combine them. The alternative is to construct a new index from the share prices of a sufficient number of leading companies worldwide—probably between 1,000 and 2,000. The inconsistencies between the different indices round the world make the second option preferable. Many of the older indices are unweighted and geometric, making them excessively sensitive to individual price movements, while in some countries there is no single

Advertisement for NatWest Trustees. Text: 'In 1969 two men walked the surface of the moon alone. It took thousands more to get them there. In much the same way the successful management of a Unit Trust or Property Trust, a Pension Fund, a Private Share Scheme or a Charitable Fund, an Investment Portfolio, or other assets of a Company or consortium depends upon the support of specialists. Trustees are such specialists. The services we provide guarantee security for the terms of the Trust, and the investors' interests. They ensure continuity of management. And they are available on a highly competitive fee basis. To find out more about our successful services, contact us at the address below.' Logo: NatWest Trustees. National Westminster Bank, Trustee and Income Tax Department. PO Box 297, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES. Telephone: 01-628 9888.